

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PROSPECTUS

Initial Public Offering

February 4, 2020

### **GOLDEN BIRCH RESOURCES INC.**

140 Cook's Lake Road, Timmins, Ontario, P4R 0B7

#### **5,679,666 Class A Shares issuable without payment upon the conversion of 5,679,666 Special Warrants**

This prospectus (the "**Prospectus**") is being filed with the Ontario Securities Commission to enable Golden Birch Resources Inc. ("**Golden Birch**" or the "**Company**") to become a reporting issuer pursuant to the applicable securities legislation in Ontario and to qualify the distribution of 5,679,666 Class A common shares of the Company (the "**Class A Shares**") issuable upon the deemed exercise of 5,679,666 issued and outstanding special warrants of the Company (the "**Special Warrants**"). Golden Birch issued 5,679,666 Special Warrants on October 21, 2019 (the "**Offering**") at a price of \$0.15 per Special Warrant (the "**Offering Price**"). The Offering was effected on a "non-brokered" private placement basis pursuant to exemption under applicable securities legislation.

Each Special Warrant is exercisable into one (1) Class A Share for no further consideration at any time at the option of the holder thereof (the "**Special Warrant holder**") and will be deemed to be exercised (without any further action on the part of the Special Warrant holders) at 5:00 p.m. (Toronto time) on the earlier of the date of a "**Liquidity Event**" (as hereinafter defined) or October 21, 2021. A Liquidity Event means: (a) an initial public offering of Class A Shares which are listed on a stock exchange, securities market or quotation system in North America; or (b) a merger, amalgamation, plan of arrangement, take-over bid, reverse take-over, sale of all or substantially all of the assets of the Company's or similar transaction involving the Company's or its shareholders, in each case resulting in the holders of at least two-thirds of the Class A Shares (i) approving the transaction by written resolution or resolution approved at a meeting of security holders, (ii) tendering their securities of the Company to such a transaction, or (iii) or being entitled to receive shares of the surviving corporate entity or purchaser that are listed on a stock exchange, securities market or quotation system in North America.

This Prospectus is also being filed for the purposes of complying with Policy 2 – *Qualifications for Listing of the Canadian Securities Exchange* in order for the Company to meet the eligibility requirements for the listing of the Class A Shares on the Canadian Securities Exchange (the "**CSE**" or the "**Exchange**").

All expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general funds.

**There is no market through which these securities may be sold and purchasers may not be able to resell securities qualified under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "RISK FACTORS".**

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America.

The Company has made an application for listing on the CSE. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including meeting all minimum listing requirements.

**An investment in securities of the Company is speculative and involves a high degree of risk. See "RISK FACTORS".**

**Upon acquiring the Stage 1 Interest (as defined hereinbelow), the Company shall have the right to appoint only two of four directors to the PML Board (as defined hereinbelow). See "DESCRIPTION OF THE BUSINESS – Three Year History – Acquisition of the Keveri Property" and "RISK FACTORS".**

**No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.**

Certain directors of the Company, Alan Martin, Andrew Morris, and David Lindley, reside outside of Canada. Such persons have appointed the following agent for service of process:

<b>Name of Persons</b>	<b>Name and Address of Agent</b>
Alan Martin	Peterson McVicar LLP
Andrew Morris	Suite 902, 18 King Street East
David Lindley	Toronto, ON Canada M5C 1C4

Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

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## PROSPECTUS SUMMARY

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

<b>The Company</b>	<p>Golden Birch was incorporated on October 4, 2017 pursuant to the CBCA. The Company has its registered and head office located at 140 Cook’s Lake Road, Timmins, ON P4R 0B7.</p> <p>Golden Birch intends to become a reporting issuer in Ontario and obtain a listing of its Class A Shares on the CSE. The Company’s securities do not currently trade on any stock exchange. See “<i>CORPORATE STRUCTURE</i>”.</p>														
<b>Business of the Company</b>	<p>The principal activity of the Company is mineral exploration in Papua New Guinea.</p> <p>The Company holds interests in property consisting of two (2) mineral claims covering 24,800 hectares known as the “Keveri Property”, which is located in the Abau District of the Central Province in the Republic of Papua New Guinea. See “<i>DESCRIPTION OF THE BUSINESS</i>”.</p>														
<b>Objectives and Milestones</b>	<p>The primary business objectives for the Company over the next 12 months are:</p> <ul style="list-style-type: none"> <li>(a) to list on the Canadian Securities Exchange;</li> <li>(b) to complete the Phase I recommended work program on the Keveri Property; and</li> <li>(c) to complete additional equity financings should they be necessary to advance the Company’s objectives.</li> </ul>														
<b>Listing</b>	<p>The Company has applied to have its Class A Shares listed on the CSE. Listing is subject to the Company obtaining a receipt for this Prospectus and fulfilling all the requirements of the CSE.</p>														
<b>Use of Available Funds</b>	<p>As at January 27, 2020, the Company had an approximate consolidated net working capital of \$1,536,787. See “<i>USE OF AVAILABLE FUNDS</i>”.</p> <p>The Company expects to allocate the funds available to it in the following manner:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Item</th> <th style="text-align: center;">Estimated Cost</th> </tr> </thead> <tbody> <tr> <td>Complete Phase I work program on Keveri Property</td> <td style="text-align: right;">\$300,000</td> </tr> <tr> <td>Estimated general and administrative expenses for 12 months</td> <td style="text-align: right;">\$504,000</td> </tr> <tr> <td>Maintenance payment for Keveri Property</td> <td style="text-align: right;">\$275,000</td> </tr> <tr> <td>Access payments for the Keveri Property<sup>(3)</sup></td> <td style="text-align: right;">\$415,000</td> </tr> <tr> <td>Reserve for contingencies and funding of additional work programs on Keveri Property as recommended by the Qualified Person</td> <td style="text-align: right;">\$42,787</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$1,536,787</td> </tr> </tbody> </table>	Item	Estimated Cost	Complete Phase I work program on Keveri Property	\$300,000	Estimated general and administrative expenses for 12 months	\$504,000	Maintenance payment for Keveri Property	\$275,000	Access payments for the Keveri Property <sup>(3)</sup>	\$415,000	Reserve for contingencies and funding of additional work programs on Keveri Property as recommended by the Qualified Person	\$42,787	Total	\$1,536,787
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Total	\$1,536,787														
<b>The Offering</b>	<p>On October 21, 2019, the Company issued 5,679,666 Special Warrants at a price of \$0.15 per Special Warrant pursuant to the Offering. The distribution of the Class A Shares underlying the Special Warrants is being qualified hereunder. Each Special Warrant is exercisable into one (1) Class A Share for no further consideration at any time at the option of the Special Warranthead and will be deemed to be exercised (without any further</p>														

action on the part of the Special Warrantholders) at 5:00 p.m. (Toronto time) on the earlier of the date of a Liquidity Event or October 21, 2021. See “*PLAN OF DISTRIBUTION*”.

This Prospectus is also being filed with the OSC for the purpose of allowing the Company to obtain a listing on the CSE and to enable the Company to develop an organized market for its Class A Shares. All expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

**Directors and Executive Officers of the Company**

Alan Martin, Chief Executive Officer and Director

Paul Rokeby, Chief Financial Officer

Iain Martin, Chief Administrative Officer, Corporate Secretary and Director

Andrew Morris, Director

David Lindley, Director

David Drinkwater, Director

**Risk Factors**

The activities of the Company are subject to the risks normally encountered in a growing business, including: a substantial number of authorized but unissued shares; risk of dilution; no market for securities; negative cash flow from operations; current market volatility; departure from the pre-existing budget; no production history; limited operating history; exploration, mining and operational risks; obtaining all required licenses and permits that may be required to carry out exploration; foreign jurisdiction risk; corruption and bribery; mining risks; royalties on tenements underlying the Company’s properties; state participation rights; carrying on business as a foreign enterprise; assurance of title; possible loss of interest in the Company’s properties; competition; conflicts of interest; loss of personnel; volatility of commodity prices; environmental risks and other regulatory requirements; uninsured risks; health and safety risks; tax issues; additional requirements for capital; smaller company risks; and liquidity of the common shares.

See “*RISK FACTORS*”.

**Summary of Financial Information**

The following selected financial information has been derived from the audited financial statements of the Company for the year ended December 31, 2018 and the unaudited financial statements of the Company for the nine months ended September 30, 2019 included in this Prospectus and should be read in conjunction with such financial statements and the related notes thereto, along with the Management Discussion and Analysis included in this Prospectus. All financial statements of the Company and are prepared in accordance with International Financial Reporting Standards.

	Nine months ended September 30,		Year ended December 31,	Period from Incorporation to December 31,
	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)	2017 (Audited)
Total Revenue	\$nil	\$nil	\$nil	\$nil
Net Income (Loss)	\$(2,930,707)	\$(397,976)	\$(1,002,366)	\$(44,876)
# Shares Outstanding	64,073,480	7,211,569	31,493,530	\$nil
Net Income (Loss) per Share (Basic)	\$(0.06)	\$(0.15)	\$(0.05)	\$nil

Net Income (Loss) per Share (Diluted)	\$(0.06)	\$(0.15)	\$(0.05)	\$nil
Total Assets	\$1,674,114	\$924,540	\$801,100	\$320
Total Financial Liabilities	\$612,513	\$1,129,706	\$266,426	\$45,196
Total Shareholder's Equity	\$1,061,601	\$(205,166)	\$534,674	\$(44,876)

## Special Note Regarding Forward-Looking Information

Certain statements contained in this Prospectus constitute forward-looking information under applicable Canadian securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “objectives”, “strategies”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in its prospectus should not be unduly relied upon.

In particular, this Prospectus contains forward-looking statements pertaining to the following:

- the Company’s expectations, strategies and plans for the Keveri Property, including its planned exploration activities;
- the results of future exploration and drilling and estimated completion dates for certain milestones;
- successfully locating mineral resources and successfully developing new deposits;
- the timing, receipt and maintenance of approvals, licenses and permits from the government and from any other applicable government, regulator or administrative body;
- future financial or operating performance and condition of the Company and its business, operations and properties;
- statements that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements;
- mineral exploration, development and operating risks;
- environmental, health and safety regulations of the resource industry;
- competitive conditions;
- operational risks;
- liquidity and financing risks;
- funding risks;
- exploration costs;
- uninsurable risks;
- environmental risks;



- conflicts of interest;
- government policy changes;
- ownership risks;
- permitting and licensing risks;
- artisanal miners;
- difficulty in enforcement of judgments;
- market conditions;
- stress in the global economy;
- current global financial condition;
- reliance on key personnel;
- dilution risk;
- exchange rate and currency risks;
- commodity prices; and
- the other risks and uncertainties described elsewhere in this Prospectus.

Although the forward-looking statements contained in this Prospectus are based upon assumptions which the Company believes to be reasonable, the Company cannot assure holders or prospective purchasers of Class A Shares that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this Prospectus, the Company has made assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future currency exchange and interest rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates; future tax rates; future operating costs; availability of future sources of funding; ability to obtain financing and assumptions underlying estimates related to adjusted funds from operations. The Company has included the above summary of assumptions and risks related to forward-looking information provided in this Prospectus in order to provide holders and prospective purchasers with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. These forward-looking statements are made as of the date of this Prospectus and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

### **Presentation of Financial Information**

The Company's financial statements and other financial information included in this Prospectus have been prepared in accordance with IFRS.

## **Glossary**

“**Affiliate**” means a company that is affiliated with another Company as described below. A company is an Affiliate of another Company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same person. A company is "controlled" by a person if (a) voting securities of the issuer are held, other than by way of

security only, by or for the benefit of that person, and (b) the voting securities, if voted, entitle the person to elect a majority of the directors of the issuer. A person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that person, or
- (b) an Affiliate of that person or an Affiliate of any Company controlled by that person.

“**Associate**” when used to indicate a relationship with a person or Company, means (a) a partner, other than a limited partner, of that person, (b) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity, (c) an issuer in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer, or (d) a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person.

“**Board**” means the board of directors of the Company.

“**CAO**” means chief administrative officer of Golden Birch.

“**CBCA**” means the *Canada Business Corporations Act*.

“**CEO**” means chief executive officer of Golden Birch.

“**CFO**” means the chief financial officer of Golden Birch.

“**Class A Shares**” means Class A common shares without par value in the capital of Golden Birch.

“**Company**” or “**Golden Birch**” means Golden Birch Resources Inc.

“**Consulting Agreement**” means the employment agreement dated October 1, 2019 between Golden Birch and Alan Martin, whereby Mr. A. Martin is engaged to perform services for the Company as its President and CEO, pursuant to the terms and conditions set forth in the Consulting Agreement.

“**CSE**” or the “**Exchange**” means the Canadian Stock Exchange.

“**CSE Approval**” means the final approval of the CSE in respect of the listing of the Class A Shares on the CSE.

“**CSE Policies**” means the rules and policies of the CSE.

“**Effective Date**” means the date on which the OSC issues a final receipt for this Prospectus.

“**Employment Agreement**” means the employment agreement dated October 1, 2019 between Golden Birch and Iain Martin, whereby Mr. I. Martin is engaged to perform services for the Company as its CAO, pursuant to the terms and conditions set forth in the Employment Agreement.

“**Escrow Agent**” and “**Transfer Agent**” means Capital Transfer Agency ULC, located at 390 Bay Street, Suite 920, Toronto, Ontario, Canada M5H 2Y2.

“**Escrow Agreement**” means the escrow agreement among the Company, the Escrow Agent, and the holders of Escrow Securities.

“**Escrow Securities**” means the Class A Shares held by the directors, officers and insiders that will be deposited pursuant to the Escrow Agreement.

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities;

“**Keveri Option Agreement**” means the option agreement dated August 24, 2018 between the Company, PMPL and PML.

“**Keveri Option Amending Agreement**” means the amending agreement to the Keveri Option Agreement dated November 3, 2019 between the Company, PMPL, and PML.

“**Keveri Property**” means the mineral property in Papua New Guinea comprised of two mineral tenures, exploration license 2391 and exploration license 2560.

“**Liquidity Event**” has the meaning given on the face page of this Prospectus.

“**Listing**” means the application made by Golden Birch to list its Class A Shares on the Exchange.

“**Listing Date**” means the date on which the Class A Shares are listed for trading on the CSE.

“**Named Executive Officers**” means the following individuals:

- (a) the Company's CEO;
- (b) the Company's CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Company’s CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and not acting in a similar capacity, at the end of that financial year.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings* as published by the Canadian Securities Administrators.

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Requirements*.

“**NI 52-110**” means National Instrument 52-110 *Audit Committees*.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

“**NI 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines*.

“**Offering**” means the non-brokered offering of 5,679,666 Special Warrants which took place on October 21, 2019.

“**Offering Price**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Open Period**” means the period from (i) the year ended December 31, 2017, and (ii) the period from January 1 to August 24, 2018 (being the effective date of the Keveri Option Agreement), inclusive;

“**Optionee**” means the holder of an Option.

“**Options**” means incentive stock options granted to the Company's directors, officers, employees and consultants in accordance with the Stock Option Plan and rules and the CSE Policies.

“**OSC**” means the Ontario Securities Commission.

“**Person**” means a company, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual, or an individual.

“**PML**” means Papuan Minerals Ltd.

“**PML Board**” means the board of director of PML.

“**PMPL**” means Papuan Minerals Pty Ltd.

“**Prospectus**” means this prospectus and any appendices, schedules or attachments hereto.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval for the filing of disclosure documents by reporting issuers in Canada, accessible at [www.sedar.com](http://www.sedar.com);

“**Special Warrant**” means issued and outstanding special warrants of Golden Birch, each exercisable into one Class A Share for no further consideration at any time at the option of the holder thereof and will be deemed to be exercised at 5:00 p.m. (Toronto time) on the earlier of the date of a Liquidity Event or October 21, 2021.

“**Stock Option Plan**” means the Company's stock option plan providing for the grant of Options to the Company's directors, officers, employees and consultants.

## **Currency**

All sums of money to be paid or calculated pursuant to this Prospectus shall be paid or calculated in the currency of Canada unless otherwise expressly stated and the references to \$ are to Canadian dollars. References to AUD\$ shall mean the Australian dollar.

## **CORPORATE STRUCTURE**

### **The Company**

The Company was registered and incorporated in Canada under the name Golden Birch Resources Inc. on October 4, 2017 under the Canada Business Corporations Act (the “**CBCA**”). The Company’s registered and head office is located at 140 Cook’s Lake Road, Timmins, Ontario P4R 0B7.

On January 28, 2020, the Company filed articles of amendment to remove restrictions on the transfer of its securities.

### **Intercorporate Relationships**

As at the date of this Prospectus, the Company has no subsidiaries.

## DESCRIPTION OF THE BUSINESS

The principal business of the Company is the acquisition, exploration and development of mineral property interests in Papua New Guinea.

The Company currently has an option to acquire up to an eighty-five percent (85%) undivided interest in Papuan Minerals Ltd. (“**PML**”), which is the legal and beneficial owner of the Keveri Property, its principal property. The Keveri Property is comprised of two mineral tenures, exploration license 2391 and exploration license 2560 (the “**Licences**”), covering approximately 24,800 hectares located across the boundary of the Northern and Central Provinces in south-eastern Papua New Guinea approximately 200km east-southeast of Port Moresby. PML is the legal and beneficial owner of 100% of the licenses comprising the Keveri Property, and Papuan Minerals Pty Ltd. (“**PMPL**”) is the legal and beneficial owner of 100% of the shares of PML (the “**PML Shares**”). The property is accessed from Port Moresby via helicopter flight. All necessary supplies and equipment, such as drill rigs, are readily available in Port Moresby and all equipment and supplies can be lifted to the project site by helicopter. The Company’s exploration program will be primarily focused on copper-gold exploration.

### Three Year History

Since the inception of the Company, the Company’s activities have focused on the acquisition and exploration of the Keveri Property.

#### Acquisition of the Keveri Property

On August 24, 2018, the Company entered into the Keveri Option Agreement, as amended by the Keveri Option Amending Agreement, with PMPL and PML, whereby PMPL granted the Company an option to acquire up to an 85% undivided interest in the Keveri Property through the purchase of up to 85% of the PML Shares (the “**Keveri Option**”). The Keveri Option is exercisable in two stages over a total period of six (6) years from the Listing Date: (i) an option to acquire a 51% interest in PML Shares (“**Stage 1 Interest**”) during the first three (3) years from the Listing Date; and (ii) having acquired the Stage 1 Interest, an option to acquire an additional 34% interest in PML Shares (“**Stage 2 Interest**”) within six (6) years from the Listing Date.

To exercise the first option and earn the Stage 1 Interest, the Company is required to:

- (a) pay to PMPL AUD\$129,000 within twenty-five (25) days of execution of the Keveri Option Agreement (paid);
- (b) pay to PMPL AUD\$100,000 within six (6) months of the execution of the Keveri Option Agreement if the Class A Shares are not listed on a recognized stock exchange (paid);
- (c) pay to PMPL AUD\$200,000 within twelve (12) months of the execution of the Keveri Option Agreement if the Class A Shares are not listed on a recognized stock exchange (paid);
- (d) fund a total of AUD\$300,000 in exploration expenditures on the Keveri Property, within twelve months of the Listing Date;
- (e) maintain the Licences in good standing and carry out the minimum exploration expenditures as required per the Licences;
- (f) complete at least 3,000 metres of diamond core drilling on the Licences within thirty (30) months of the Listing Date;
- (g) complete an equity raise of not less than AUD\$3,000,000 net of fees upon Listing. Equity financings completed prior to the Listing are included in the total (completed);
- (h) contemporaneously with the Listing:
  - i) pay to PMPL AUD\$150,000 in cash; and

- ii) issue to PMPL Class A Shares having a value of AUD\$600,000 at a price of \$0.15 per Class A Share. Messrs. Morris and Lindley are directors of PMPL and control an aggregate of approximately 73.7% of the issued and outstanding ordinary shares of PMPL. Consequently, such Class A Shares shall be deposited into escrow with the Escrow Agent pursuant to the Escrow Agreement. See “*ESCROWED SECURITIES – Escrow under CSE Policies*”;
- (i) within twelve (12) months from the Listing Date, pay to PMPL AUD\$150,000 in cash or by the issuance of Class A Shares (at the Company’s election) at the volume-weighted average price for trading of Class A Shares on a recognized stock exchange in the 30-day period immediately preceding their issue;
- (j) within twenty-four (24) months from the Listing Date, pay to PMPL AUD\$150,000 in cash or by the issuance of Class A Shares (at the Company’s election) at the volume-weighted average price for trading of Class A Shares on a recognized stock exchange in the 30-day period immediately preceding their issue;
- (k) within thirty (30) months from the Listing Date, at the Company’s election:
  - i) pay to PMPL AUD\$500,000 in cash; or
  - ii) issue to PMPL Class A Shares having a value of AUD\$500,000 at the volume-weighted average price for trading of Class A Shares on a recognized stock exchange in the 30-day period immediately preceding their issue;
- (l) within thirty-six (36) months from the Listing Date, at the Company’s election:
  - i) pay to PMPL AUD\$1,000,000 in cash; or
  - ii) issue to PMPL Class A Shares having a value of AUD\$1,000,000 at the volume-weighted average price for trading of Class A Shares on a recognized stock exchange in the 30-day period immediately preceding their issue; and
- (m) unless the Keveri Option Agreement has been terminated, pay to PMPL an annual fee of AUD\$150,000 per annum from the Listing Date until the Stage 2 Interest is acquired.

To earn the Stage 2 Interest, the Company is required to:

- (a) solely fund all exploration expenditures in the period of thirty-six (36) months from the date of acquiring the Stage 1 Interest or the end of the seventy-two (72) month period following the Listing Date (the “**Stage 2 Period**”), whichever shall first occur;
- (b) maintain the Licences in good standing and carry out the minimum exploration expenditures as required per the Licences during the Stage 2 Period;
- (c) complete at least 10,000 metres of diamond core drilling on the Licences during the Stage 2 Period;
- (d) during the Stage 2 Period, pay to PMPL the following payments in cash or through the issuance of Class A Shares, at the election of the Company:
  - i) AUD\$500,000 within four (4) years of the Listing Date;
  - ii) AUD\$1,000,000 within five (5) years of the Listing Date; and
  - iii) AUD\$1,500,000 within six (6) years of the Listing Date,

in each case at the volume-weighted average price for trading of Class A Shares on an recognized stock exchange in the 30-day period immediately preceding their issue .

Upon acquiring the Stage 1 Interest, the Company shall have: (i) a 51% interest in PML; (ii) the right to appoint Mr. Alan Martin, the CEO and a director of the Company, to the board of PML (the “**PML Board**”); (iii) the right to

appoint two of four directors to the PML Board (with PMPL being entitled to appoint the remaining two of four directors to the PML Board); and (iv) the joint right with PMPL to appoint an independent chair to the PML Board, who shall have a casting vote.

Upon acquiring the Stage 2 Interest, the Company shall have: (i) an 85% interest in PML; and (ii) the right to appoint such number of directors to the PML Board as is equal to its interest in PML (85%), which is presently contemplated to be three of four directors of PML (with PMPL being entitled to appoint the remaining one of four directors to the PML Board).

In addition, each shareholder of PML, which will include the Company, will be required to fund their share of the future expenditures of the Company and the Licences including, but not limited to, exploration, feasibility, development, and construction expenditure.

### **Business Objectives**

The primary business objective of the Company is to explore and, if warranted, develop, copper-gold and other mineral projects in Papua New Guinea. The Company seeks to target properties with excellent exploration potential to advance rapidly toward development. The Company's principal focus in 2019 and 2020 is to explore and, if warranted, develop the Keveri Property. In the near term, planned activities at the Keveri Project include the completion of three-month recommended program set forth in the Technical Report (as such term is defined below). The activities comprising the recommended program are scheduled to commence in Q1 2020 and, if commenced in Q1 2020, are expected to be completed by the end of Q2 2020. For further details regarding the Company's recommended program with respect to the Keveri Property, please see "*MATERIAL PROPERTY*" below.

See also "*USE OF AVAILABLE FUNDS*" and "*RISK FACTORS*".

### **Competitive Conditions**

The mineral exploration industry is competitive, with many companies competing for the limited number of precious and base metals acquisition and exploration opportunities that are economic under current or foreseeable metals prices, as well as for available investment funds. Competition is also high for the recruitment of qualified personnel and equipment. Significant and increasing competition exists for mineral opportunities in the Republic of Papua New Guinea. There are a number of large established mineral exploration companies in Papua New Guinea with substantial capabilities and greater financial and technical resources than the Company.

### **Government Regulation**

Mining operations and exploration activities are subject to various laws and regulations which govern prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters.

### **Environmental Regulation**

The Company's mineral exploration activities are subject to various laws and regulations governing protection of the environment. In general, these laws are amended often and are becoming more restrictive.

### **Employees**

As of the date of this Prospectus, the Company has one (1) employee, being its CAO. The Company has entered into the Consulting Agreement with its CEO and its CFO bills for his services as required through MNP LLP, of which he is a partner.

### **Trends**

There is significant competition for the acquisition of promising properties, as well as for hiring qualified personnel. The Company's competitors may have more substantial financial and technical resources for the acquisition of mineral concessions, claims or mineral interests, as well as for the recruitment and retention of qualified personnel.

The present and future activities of the Company may be influenced to some degree by factors such as the availability of capital, governmental regulations, including environmental regulation, territorial claims and security on mining sites. The influence of such factors cannot be predicted.

To the knowledge of the Company, other than what is described in this Prospectus, there is no current trend or event that could reasonably influence, in a significant manner, the activities, financial situation or operating results of the Company for the current fiscal year. See “*RISK FACTORS*”.

## MATERIAL PROPERTY

The following represents information summarized from the technical report on the Keveri Property dated August 1, 2019 (the “**Technical Report**”), prepared by Ian Taylor, BSc (Hons), MAusIMM (CP) (the “**Qualified Person**” or “**QP**”), a “qualified person”, as defined under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (previously defined as “**NI 43-101**”), prepared in accordance with the requirements of NI 43-101. Note that not all of the figures and tables from the Technical Report are reproduced in and form part of this Prospectus. The remaining figures are contained in the Technical Report which is available under the Company’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following information regarding the Keveri Property has been summarized from and is qualified in its entirety by the Technical Report. The disclosure in this Prospectus has been prepared with the consent of the QP and in most cases, is a direct extract thereof.

### Property Description and Location

The Keveri Property is located in the Abau District of the Central Province in Papua New Guinea (“**PNG**”). The Keveri Property is 200 km south east of Port Moresby, at latitude 9° 54’ 1.73”S and longitude 148° 48’ 46.16” E.

The Keveri Property is covered by exploration licenses 2391 (143 km<sup>2</sup>) (“**EL2391**”) and 2560 (105 km<sup>2</sup>) (“**EL2560**”) and collectively with EL2391, the “**Licences**”) as shown in Table 1 and Figure 1. The tenement’s status has been verified by the QP, through the publically available information on the Papua New Guinea Mineral Resources Authority online tenement viewing portal (<http://portal.mra.gov.pg/Map/>). This includes registered ownership of the leases and licence boundaries.

Title to the Keveri Property is held by PML, a PNG registered company. The Company has an exclusive option to acquire up to 85% of PML.

Licences are administrated by the Mineral Resources Authority (“**MRA**”). From time to time, the Company will be required to make an application to minister under the Mining Act 1992 (“**Minister**”) to extend the term of the applicable exploration licences, for periods of up to two years. As part of such applications, the Company will have had to comply with the conditions of the existing exploration licence, pay the required fees, and submit a program, all to the satisfaction of the Minister. The current regime for granting and extending exploration license in PNG has a history of several decades.

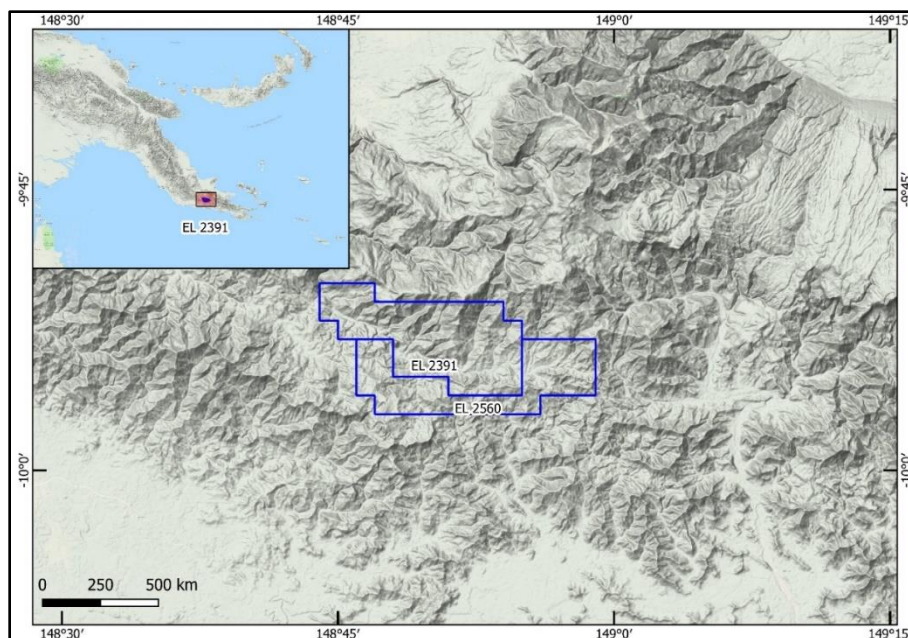
**Table 1. Details of Keveri Licences**

Licence ID	Name of area	Area (Sub-blocks)	Issue Date	Expiry Date	PML Ownership %	Annual rent (Kina)	Minimum expenditure (Kina)
EL2391	Doma Village	41	17/12/2015	16/12/2019 <sup>(1)</sup>	100%	7,380	82,000
EL2560	Doma	30	29/08/2018	28/08/2020 <sup>(2)</sup>	100%	2,700	12,000

**Notes:**

- (1) PML has satisfied the expenditure requirements for EL2391. PML submitted an application to renew EL2391 on September 5, 2019 and the renewal of such licence is pending at this time. The license continues to be in effect while the renewal is pending. PML expects to obtain the renewal.
- (2) PML has satisfied the expenditure requirements for EL2560. The Company has commenced the process of extending the lease and does not anticipate any delays with renewal of the licence with the MRA.





**Figure 1. Local Property location and access in PNG**

Annual rental payments for the Licences are made in Papua New Guinean Kina (“K”) to the PNG Mineral Resources Authority and are shown in Table 1. Minimum expenditure requirements for exploration licences depend on the area in sub-blocks and the year since grant of the licence.

The Company has an exclusive option to acquire up to 85% of the legal and beneficial interest in PML shares. The option is exercisable in two stages over a total period of 6 years:

- a) 51% interest may be earned during the first 3 years by total payments in shares or cash of AUD\$2,879,000 and by solely funding all exploration expenditure (minimum of AUD\$300,000 in first year), including at least 3,000m of diamond core drilling.
- b) Additional 34% interest may be earned in the next 3 years through total payments in shares or cash of AUD\$3,000,000 and by solely funding all exploration including at least 10,000m of diamond core drilling.

The Company holds the responsibility of maintaining the Licences in good standing and management of the exploration programs.

Mineral exploration and mining in PNG is regulated primarily under the Mining Act 1992, which is focused on principal approval and registration of tenements.

An exploration licence may be granted for a term not exceeding two (2) years, which may be extended under Section 28 of the Mining Act 1992 and Regulation. An exploration licence includes all land in the State of PNG (the “State”), within the bounds of the exploration licence, including all water lying over that land.

An exploration licence authorizes the holder, in accordance with any conditions to which it may be subject, to:

- a) enter and occupy the land which comprises the exploration licence for the purpose of carrying out exploration for minerals on that land;
- b) subject to Section 162 of the Mining Act 1992, extract, remove and dispose of such quantity of rock and earth, soil or minerals as may be permitted by the approved program;
- c) take and divert water situated on or flowing through such land and use it for any purpose necessary for exploration activities subject to and in accordance with the provisions of the Water Resources Act (Chapter 205); and

- d) do all other things necessary or expedient for the undertaking of exploration on the land.

The holder of an exploration licence is entitled to the exclusive occupancy for exploration purposes of the land in respect of which the exploration licence was granted.

Subject to Subsection (2), the Minister for Mining (the “**Minister**”) shall, on the application under Section 24 of the holder of an exploration licence, extend the term of the exploration licence for periods each of up to two (2) years, where the Board advises the Minister that the holder has:

- a) complied with the conditions of the exploration licence during the previous term of the exploration licence;
- b) paid compensation as required by the Mining Act 1992; and
- c) submitted a program for the proposed extended term which the Board recommends for approval under Section 26.

Where he considers that it is in the best interests of the State to do so, the Minister may refuse to extend the term of an exploration licence.

Where the Board is unable to give the advice required under Subsection (1) to the Minister, the Minister may, after receiving a recommendation from the Board, extend the term of the exploration licence for such period or periods of up to two years as he may determine, and include such further conditions of the exploration licence as he may consider necessary.

In considering whether the holder of an exploration licence has paid compensation as required by the Mining Act 1992, the Board shall rely on the advice of the Chief Warden.

The following reports are required under terms of the Mining Act 1992:

1. Bi-annual prospecting report – submitted every six (6) months from date of expiry, on cancellation and on surrendering an exploration licence (“**EL**”). Summarises all works undertaken on or in connection with EL since the previous report.
2. Bi-annual expenditure report – submitted every six (6) months from date of expiry, on cancellation and on surrendering EL. Summarises all expenditure connected with acquisition and interpretation of exploration data on the lease.
3. Annual report – submitted every twelve (12) months from date of grant of lease. Provides detailed information on all work on, or in connection with the license. Includes aims of works, procedures applied and conclusions reached. All relevant data must be included.

The Mining Act 1992 provides that all minerals at or below the surface of any land (i.e. gold, silver, copper and other minerals) are the property of the State.

The tenements are subject to royalties and interests in favour of the Government of Papua New Guinea in accordance with the Mining Act 1992. The holder of a mining lease or a special mining lease under the Mining Act 1992 is required to pay a royalty to the State equal to 2% of either:

- the Free on Board (“**FOB**”) value of the minerals, if they are exported without smelting or refining in Papua New Guinea; or
- the net smelter return from the minerals, if they are smelted or refined in Papua New Guinea.

No other royalty agreements exist over the tenement package.

While not strictly a royalty cost, the PNG government imposes a second cost on mining projects, that of the Mineral Resource Authority Levy. This levy is 0.25% of mine revenue (there are no deductions allowed for concentrate transport, smelting and refining).

Under the laws and upon grant of a mining licence or a special mining licence the State may elect at its discretion to take, at sunk cost, up to a 30% participating interest in any major mineral development in PNG. Upon exercise of that option, the State will fund its share of capital and ongoing costs and the mine developer will be repaid its share of sunk costs.

No environmental permits are required by statutory legislation for early stage exploration within the Keveri Property tenements. However, the PNG Environmental Act 2000 requires an application for an environmental permit to discharge waste for undertaking more than 2,500m of drilling. To the extent known by the QP, there are no known environmental liabilities on the Keveri Property.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Keveri Property is located within the Owen Stanley Ranges, a mountain range forming the spine of the main island of PNG. The area is characterised by moderate to rugged topography covered by light sub-tropical rain forest. Major drainages are represented by the Ada'u and Du'ubo Rivers.

Access to the Keveri Property from Port Moresby is by a 50-60 minute helicopter flight and within the project tenements helicopters are used to locate personnel into localised sites. The area is uninhabited with the traditional landowners living closer to the south coast of PNG some distance from the project tenements. The indigenous landowners, who are employed as unskilled labour, can walk to the area within 2 days.

Prevailing climate across much of southeast PNG is hot sub-tropical. Rain falls throughout the year, but there is a defined wet season from December to April and a dry season from September to November. The Keveri Property's location on the southwest slopes of the 3,676m high Mt Suckling, means that local weather patterns are influenced by a distinct rain shadow effect.

All necessary supplies and hire equipment, such as drill rigs, are readily available in Port Moresby and the Company uses helicopters as its prime method of access to the project area; mobilising technical personnel, equipment and supplies from Port Moresby. An all-weather gravel road connects Port Moresby to Moreguipa which is located 41 km south southwest (bearing 258° for 22.1 nautical miles) of the project area. Driving time from Port Moresby to Moreguipa is approximately 5-6 hours by four-wheel drive or 8-9 hours by truck. Equipment such as drill rigs and supplies can then be lifted from Moreguipa to site by helicopter.

## **History**

Most prior exploration was dominated by regional helicopter supported stream sediment sampling programs focusing on nickel-copper-cobalt and to a lesser degree on platinum-group element (“PGE”) and gold potential. The main substantial previous detailed prospect-scale work was on the Doriri Creek prospect, which was investigated for its potential as a sulphide nickel deposit. International Nickel Southern Exploration Limited (“INSEL”), drilled four short core holes. Papuan Precious Metals (“PPM”) completed several trenches and also drilled four core holes.

PPM completed most of the detailed follow-up work on prospects in the Keveri Property, including an airborne magnetic-radiometric survey, detailed prospect mapping, soil sampling, induced polarisation (“IP”) surveys and drilling at Doriri and Urua prospects. No resources or reserves have been estimated for any defined prospects. There has been no recorded prior mineral production from within the Property tenements.

A summary of historic exploration carried out is given in Table 2.

**Table 2. Summary of historical exploration activity, Keveri Property**

<b>Company or Organisation</b>	<b>Period</b>	<b>Description of Work Completed</b>
H. L. Davies for Geoscience Australia (then BMR)	1966	Nickel sulphide mineralised boulders noted at Doriri and Ada'u rivers confluence. Chip sampling of creek exposures.  Chip sample from creek exposure yielded from 7.5-7.8m at 2.6% Ni

CRA Exploration Pty Ltd (“CRAE”): SPA’s 25 & 26)	1966	Detailed exploration including mapping and sampling. Doriri Creek prospect referred to as Ada’u River sulphide nickel prospect by CRAE
International Nickel Southern Exploration Ltd (“INSEL”): PA 10	1967-1968	INSEL’s large tenement included the areas of the Licences. Intensive exploration throughout the area included detailed work at the Doriri Ck (Ada’u River) prospect. This included gridding, soil sampling, extending some of the CRAE costeans, plus the excavation of at least one additional costean, ground magnetics and electromagnetics and four diamond drill holes. All costean samples assayed for Ni, Co, Cu and Fe; only I-III analysed for Pt and Pd
Nord Resources (Pacific) Pty Ltd: PA223.	1979-1980	Urua prospect located by tracking mineralised float at the mouth of the Urua River. Prospect exploration included ridge and spur as well as base of slope reconnaissance soil sampling over a 400m x 400m area and some rock chip sampling of creek exposures. All samples assayed for Cu, Au, Ag and Mo but only soil samples were assayed for Pd and Pt
Highlands Gold Limited: PA724	1990-1991	Pan-concentrate sampling in Ada’u River and detailed follow-up pan-concentrate sampling in Dimidi Creek for PGE and Au. Pan-concentrate sampling in the Du’ubo River. Ridge and spur soil sampling near the junction with Oea Creek.  Detailed pan-concentrate sampling and geological mapping in upper Ada’u River including Ioleu and Bonua Creeks.  Dimidi Creek yielded pannable Au & Pt, Oiso Creek cobble of massive chalcopyrite assayed 29% Cu, 35.5 g/t Ag, 0.2 g/t Au, Waki Creek cobble of chalcopyrite assayed 28% Cu & 0.32 g/t Au, Urua Creek pannable Au noted, Araboro Creek pannable Au, sample of qtz- sulphide rock collected from lower Araboro Creek assayed 1.3% Cu & 0.14 g/t Au, Ioleu Creek 1989 Au anomaly traced to a headwater tributary (Ioleu Creek) where a large 1500m x 1000m zone of argillic alteration & pannable Au was discovered.
Niugini Nickel NL: EL1243	1998-2006	Exploration focussed mainly on an evaluation of the Ni, Co & Cr potential of the Ibau breccia unit. Brief follow-up of previous work in the area of the Dimidi Creek Prospect.
Papuan Precious Metals Ltd	2007-2012	Fieldwork completed between 2007 and 2010. Airborne geophysical survey (magnetics and radiometrics) completed in 2010. Geological mapping at Doriri and Urua, preliminary investigation of Araboro. 1300m x 900m grid was established at Urua with collection of soil samples, broad geological mapping & 3D IP surveying. 3 holes were drilled at Urua, 2 beneath Trench 1 (42m @0.1% Cu & 0.21 g/t Au) & third hole tested a strong IP chargeability anomaly in ultramafic sequence. The 2 drill holes beneath Trench 1 delivered encouraging Cu-Au intercepts. Four drill holes were completed at Doriri in early 2012.
Papuan Minerals Pty Ltd	2014-	Private company based in Australia with wholly-owned PNG subsidiary. Limited exploration. Copper-rich float cobbles found in Omu Creek at junction with Waki Creek.

Historic exploration activity and results for the main prospects on which most work has been completed are described in further detail below.

## Urua

Nord Resources in 1980 completed ridge-and-spur and base-of-slope reconnaissance soil sampling and rock-chip sampling of some creek sections. All samples were assayed for Cu, Au, Ag and Mo, but only soil samples were assayed for Pt and Pd. Anomalous Pt-Au-Pd soil results covered an area of 400m x 400m, which was open-ended to the west and east. Rock chip channel sampling of outcrop returned values up to 10m @ 1.68 g/t Au, 0.24% Cu and 10 m @ 1.39 g/t Au, 0.08% Cu. A high-grade float sample east of the soil anomaly returned 14.8g/t Au, 22% Cu. Nord abruptly ceased work in the project area in 1982 and many of the results of this early work were not reported or preserved. PPM investigated the prospect from 2007-2012. Work completed included rock chip sampling, soil sampling, trenching, 3D IP geophysics and drilling.

Soil samples were collected at 25m spacing along grid lines 100 m apart aligned NNE-SSW, for a total of 604 samples. Samples were analysed for Au, Cu, Pt, Pd and Ni. Results for Au and Cu are shown in Figure 2-1 and Figure 2-2, and highest values correspond with mapped breccia. Pd distribution is similar to Cu and Au, whereas Ni and Pt anomalism was related to ultramafic country rocks in the south-eastern part of the soil grid.

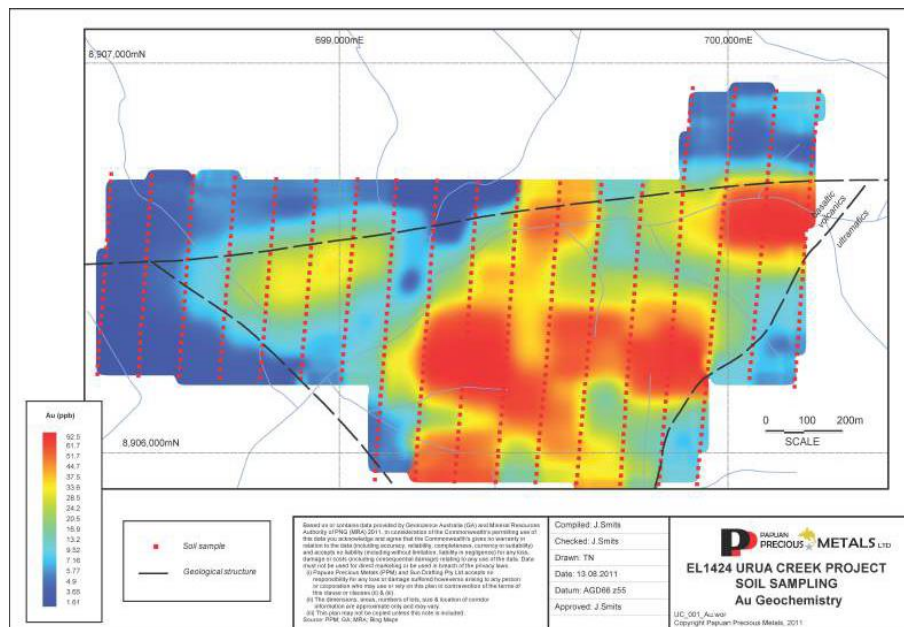
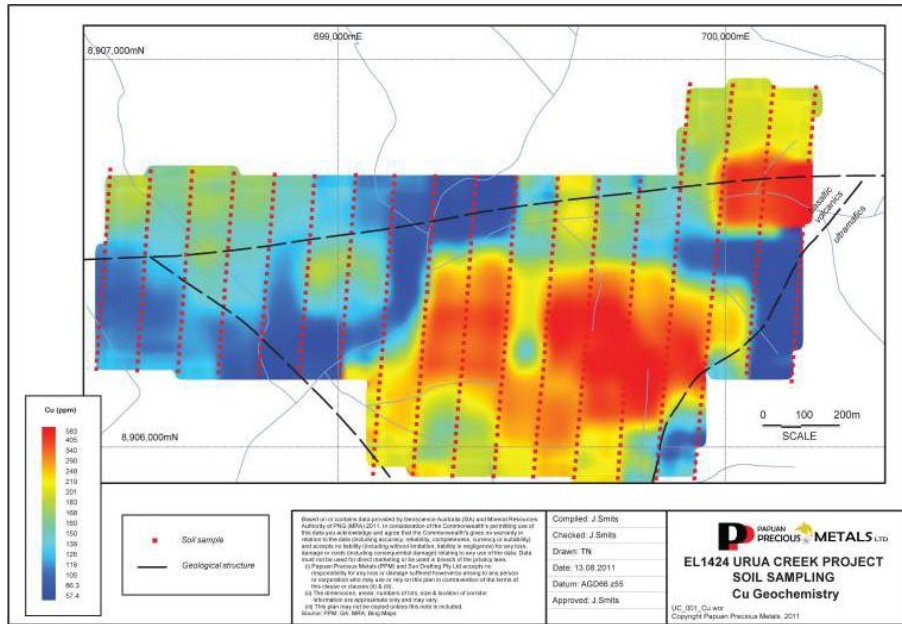


Figure 2-1. Soil sample results, Au Geochemistry, Urua



**Figure 2-2. Soil sample results, Cu Geochemistry, Urua**

240 outcrop and float samples were collected along soil sample lines and the extents of mineralized samples reflected soil anomalies. Maximum grab sample results were 37.2 g/t Au and 1.99% Cu (in different samples). A total of 15 trenches were hand-dug, all trending NNE. Four trenches returned significant intersections (greater than 0.1% Cu) as shown in Table 3.

**Table 3. Trench results >0.1% Cu or >0.1 g/t Au, Urua prospect**

Grade	Trench/Geology
45m @ 0.13% Cu, 0.06g/t Au	T1 – propylitic breccia
42m @ 0.10% Cu, 0.21g/t Au	
18m @ 0.16% Cu, 0.12g/t Au	T2 – propylitic breccia
30m @ 0.11% Cu, 0.17g/t Au	T3 – propylitic breccia
15m @ 0.11% Cu, 0.14g/t Au	
33m @ 0.17% Cu, 0.27g/t Au	
36m @ 0.72% Cu, 0.97g/t Au	T5 – phyllic breccia
12m @ 1.13% Cu, 2.03g/t Au	



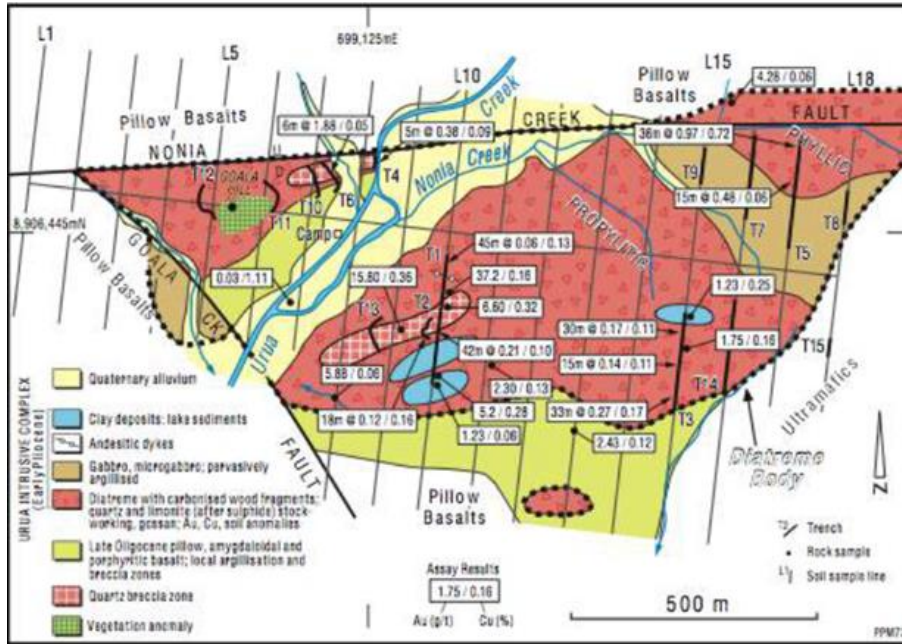
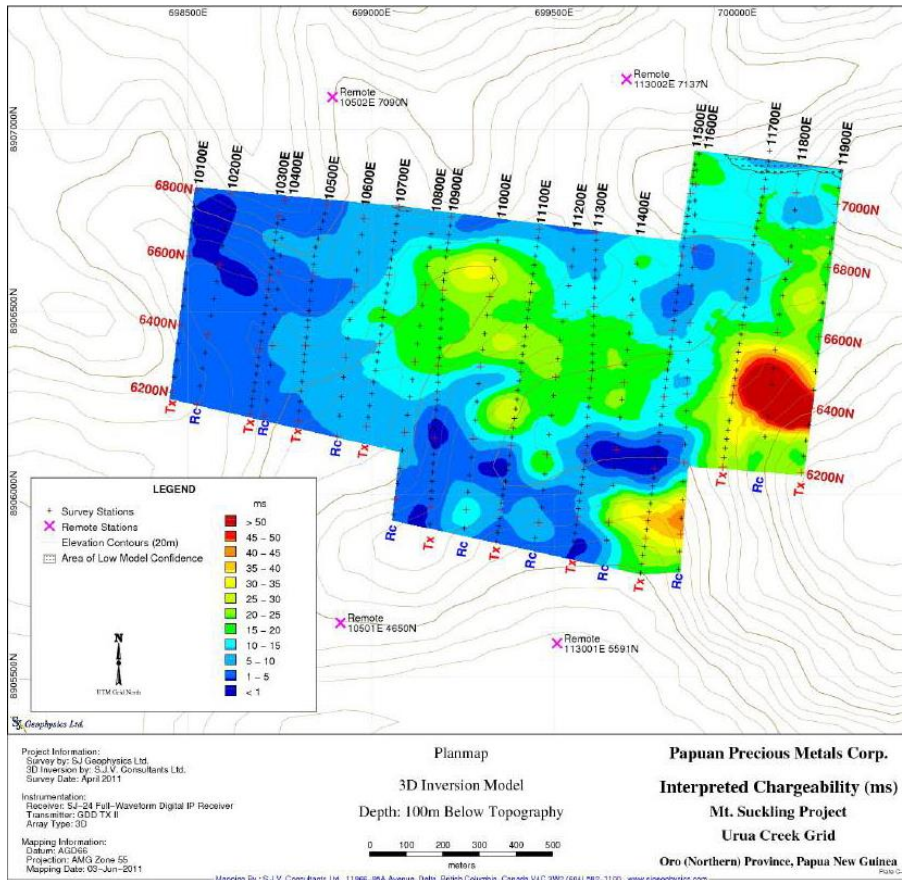


Figure 3. Urua prospect trench locations and best intercepts

SJ Geophysics completed a 3D Induced Polarisation (modified pole-dipole) survey over the Urua soil grid in April 2011. Lines trended NNE roughly parallel to the soil grid. Resulting data was inverted to chargeability and resistivity values using UBC inversion software. Chargeability anomalies were interpreted to represent disseminated sulphides at 150 m to 250 m depth. A broad 600m diameter chargeability anomaly is partly coincident with anomalous Au, Cu and Pd in soil samples (Figure 4). This anomaly was interpreted to represent disseminated sulphides pyrite and chalcopyrite associated with a porphyry style copper-gold system (Swiridiuk, 2011b).



**Figure 4. Urua prospect – Chargeability map 100 m below surface**

Two diamond drill holes URD002 and URD003 (total 602.60m) were drilled into the Urua Creek breccia in 2012. URD002 was oriented 60° to 000° and URD003 55° to 045° beneath mineralized breccia sampled in Trench 1. Holes intersected mineralized breccia from surface and several monzonite phases, one of which was intensely epidotized (epidote locally up to 50-80% by volume) containing zones of massive Au-Cu mineralized magnetite-sulphide and Cu-Au mineralised quartz stockwork. Drill intersection highlights are summarised in Table 4 and an interpreted geological cross section is shown in Figure 5.

**Table 4. Urua drilling best intercepts**

Drillhole	interval (m)	width (m)	Cu %	Au g/t
URD002	8.00 – 78.00	70	0.1	-
	203.55 – 203.70	0.15	1.15	0.26
	208.85 – 215.50	6.65	0.77	1.84
		Incl. 1.10	2.16	9.6
		Incl. 0.50	0.55	13.59
		Incl 0.60	3.49	6.2
	244.10 – 246.10	2	0.31	-
	264.60 – 276.90	12.3	0.13	-
		Incl. 5.90	0.23	0.6
		Incl. 2.10	0.5	0.7
	Incl. 0.70	1.12	1.16	



	289.60 – 290.20	0.6	0.12	0.42
URD003	14.00 - 18.00	4	0.71	0.25
	61.30 - 64.00	2.7	0.13	-
	95.00 - 99.60	4.6	-	0.33
	148.00 - 160.00	12	0.2	-
		Incl. 4.00	0.84	-
	237.80 - 246.00	8.2	0.14	-

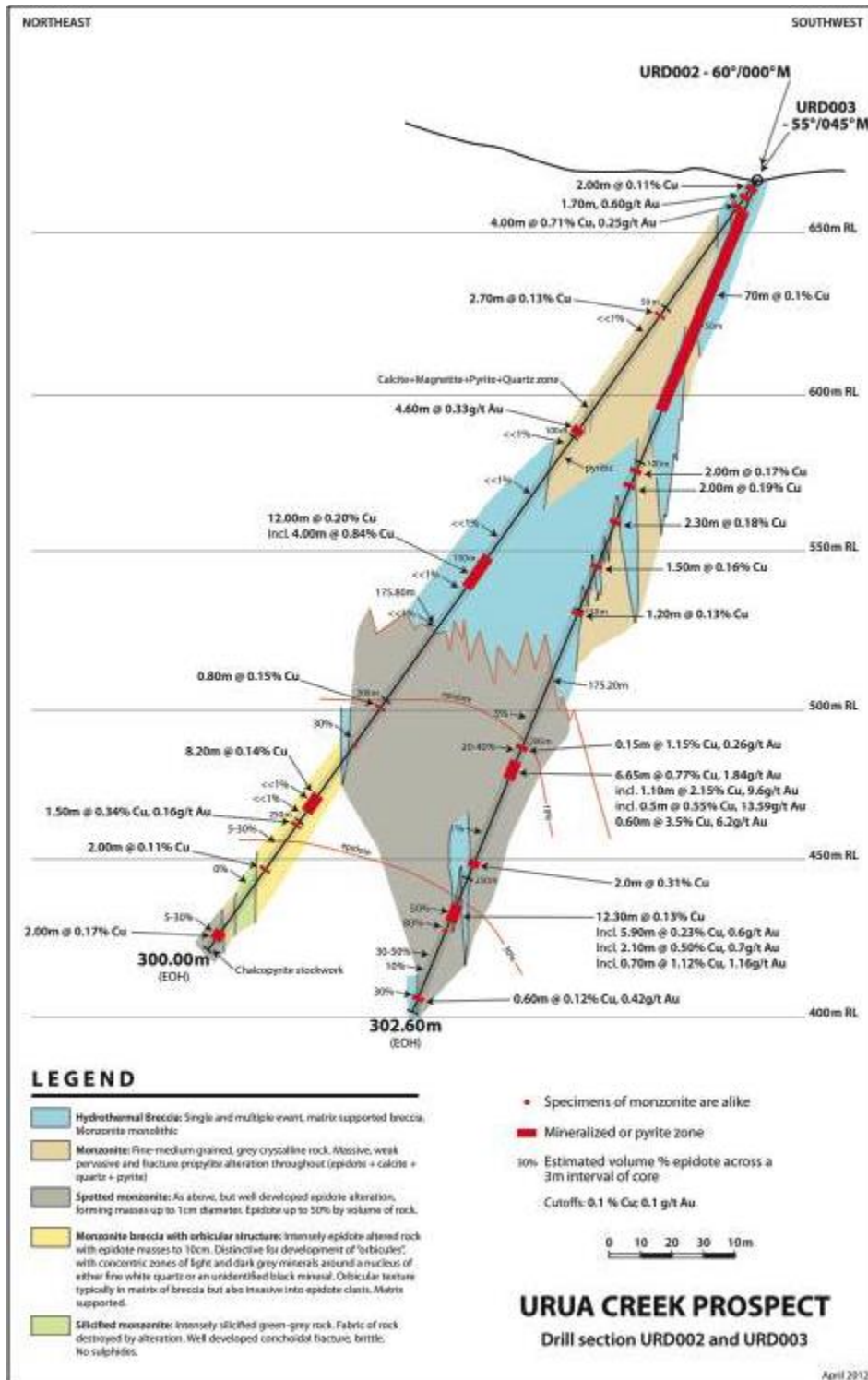


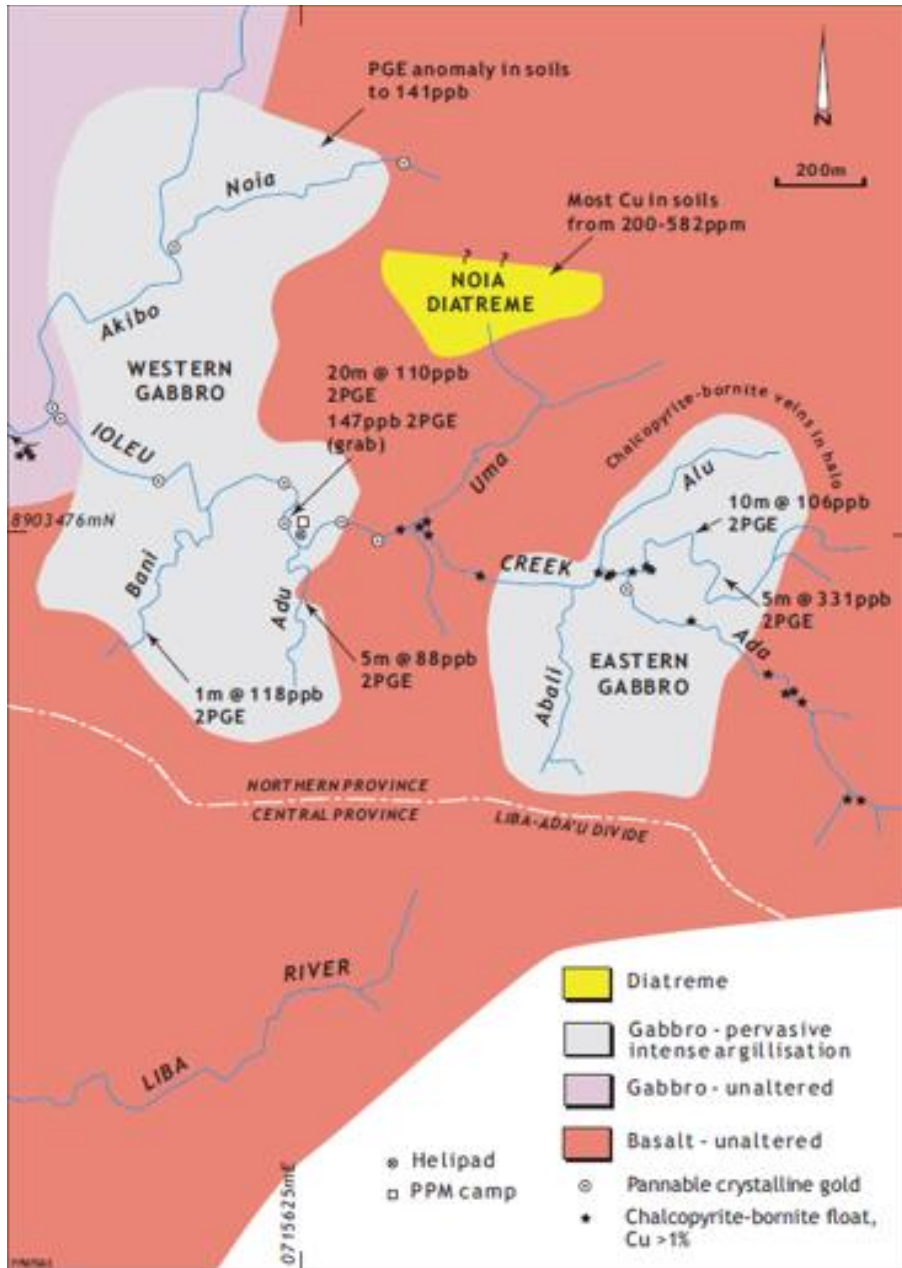
Figure 5. Interpreted cross section, Urua drilling

A third drill hole, URD001, was completed to test the prominent chargeability anomaly on the eastern side of the soil sampling grid (Figure 5). The hole intersected peridotite with talc/clay filled fractures that were assumed to be the anomaly source.

**Ioleu**

INSEL commenced exploration on Ioleu in 1968 with reconnaissance rock chip sampling returning values from 1.81% to 16.8% copper in float and outcrop. This was followed up with a small 50m x 100m soil survey over an area of mineralized boulders that returned a maximum of 70 ppm copper.

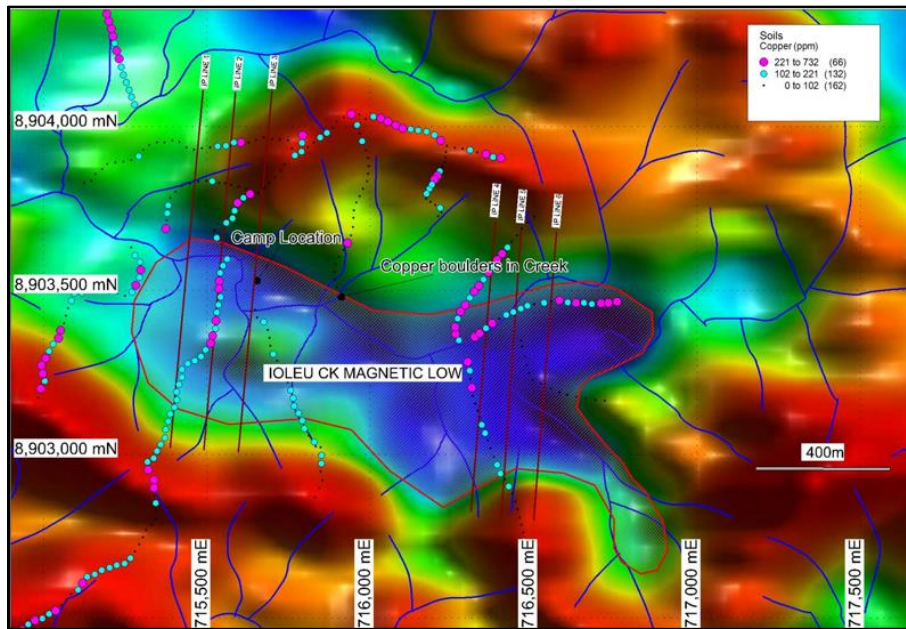
Highlands Gold in 1990 traversed creeks in the prospect area collecting float and pan concentrate samples from creeks. Results are summarised on the geological map of the prospect area in Figure 6.



**Figure 6. Ioleu prospect geological map**

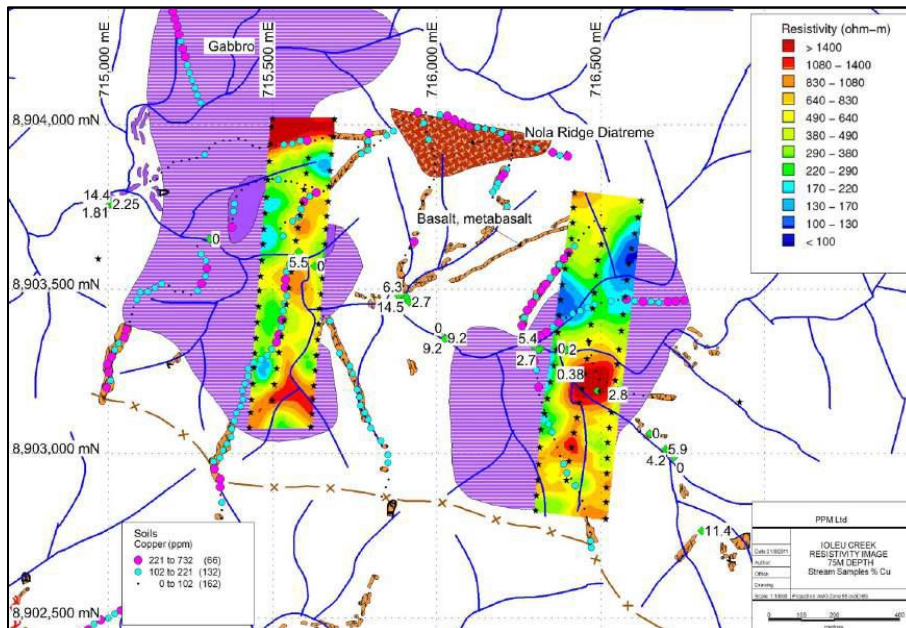
PPM revisited the area in 2009-2011, collecting further float and rock chip samples, ridge and spur soil sampling, mapping and commissioning a 3D IP survey. Significant soil results and the locations of ridge and spur soil lines are summarised on Figure 7-1.

The Ioleu prospect is underlain by a distinctive airborne magnetic (RTP) low (Figure 7-1). This anomaly is thought to reflect the extensive argillization of the rock sequence and is coincident with anomalous copper in soils (>221ppm Cu) associated with the Nonia Ridge diatreme (Swiridiuk, 2011).



**Figure 7-1. Ioleu Creek prospect – Airborne magnetic low (RTP) with copper in soils and six 3D IP geophysical survey lines**

SJ Geophysics completed a 3D IP survey at Ioleu in May 2011 aimed at detection of disseminated/massive sulphides or changes in resistivity related to alteration. The 3D IP grid consisted of a pair of 900m x 200m swaths, with 3 lines in each (Figure 7-2). Inversion of the IP data did not highlight any zones of significant chargeability that would be related to disseminated sulphides. A discrete 130m diameter resistivity anomaly was indicated on the eastern IP survey swath. The cause of this resistivity high is unknown, but it does correspond with the apparent source of copper-mineralized float boulders.



**Figure 7-2. Ioleu 3D IP survey inverted resistivity image at 75 m depth**

## Araboro

Historic exploration at the Araboro prospect was limited to a brief sampling traverse completed in 2010. 57 outcrop/float samples were collected and 2 lines of soil samples 500m to 800m long were collected across subcropping diatreme breccia and strongly argillized rocks. One float sample from Daru Creek assayed 1.16% Cu and outcropping quartz-sulphide stockwork assayed 0.23% Cu. Soil sample results were not considered to have any significant anomalies for copper or gold.

## Omu

Exploration in the Omu area began in 2014 as the Keveri Property was under the ownership of PMPL. Reconnaissance activities included the collection of 46 float samples, which led to outcropping mineralization in the prospect area named Omu. Rock samples were collected as a composite of rock chips over a 1m<sup>2</sup> panel, with sample panels separated by about 3m. In 2016 further rock chip samples were collected over a small area, with one line of orientation soil samples also completed. Results of rock chip sampling from 2014 and 2018 are shown in Table 5.

**Table 5. Omu rock sample results from 2014 and 2018 programs**

Year	Sample No	Geologic Descriptions	Cu %	Au ppm	Ag ppm
2014	16636	Ccp veinlet/vein in strongly sheared basalt	5.84	0.2	-0.2
2014	16648	Vein with disseminated & fracture ccp & py	2.49	0.03	3
2014	16647	Vein with ccp and py	0.86	0.01	2
2014	16645	Diorite with sheared and fracture ccp & py	1.55	0.25	2
2014	16646	Diorite with ccp and py	1.16	0	4
2014	16650	Vein with ccp and py	3.95	0.06	8
2016	SP030		0.56	0.09	-0.5
2016	SP029		1.19	0.06	0.9
2016	SP028		0.62	0.03	-0.5
2016	SP027		0.02	0	-0.5
2016	SP031		0.56	0.06	0.9
2017	16661	Epithermal & saccharoidal & drusy veins with ccp	0.24	0.08	-0.1
2017	16734	Qtz-chalco-bornite-malachite vein breccia	1.22	0.04	1.43
2017	16717		5.66	0.06	2.83
2017	16659	Sheeted veins with ccp (resample 16645)	5.41	0.09	8
2017	16719	Brec. basalt intensely veined with white qtz veining	0.1	0.01	0.2
2017	16720	Qtz-sulphide vein in brecciated basalt	0.07	0.01	0.06
2017	16658	Veined & brecciated sample with ccp	0.71	0.01	-0.1
2017	16722	Leucocratic qtz diorite with trace pyrite	0	0	0.14
2017	16723	Leucocratic qtz diorite with trace pyrite	0.01	0	0.06
2017	16715	Qtz-mal. vein breccia in clay alt. brecciated basalt	1.36	0.06	3.56
2017	16802		0.02	0.01	0.11
2017	16732	Brecciated basalt with veined qtz-epidote	0.06	0	-0.05
2017	16808	Basalt breccia with blebs of massive sulphides	0	0	0.09
2017	16807	Greyish gn magnetite skarn 10% pyrite-limonite	0	0	0.07
2017	16806	Grey intrusive breccia with qtz-cal-sul. vein stkwk	0.12	0.01	0.11

Year	Sample No	Geologic Descriptions	Cu %	Au ppm	Ag ppm
2017	16805	Breccia in contact zone with fine magnetite veining	0	0.01	-0.05
2017	16724	Qtz-diorite breccia with diss.pyrite	0	0	-0.05
2017	16803		0.01	0	-0.05
2017	16801		0.47	0.01	1.41
2017	16735	Sheared brecc. Basalt with qtz-epidote veining	0.04	0	0.09
2017	16733	Qtz-chalco-bornite-malachite vein breccia	4.87	0.06	4.16
2017	16731	Brecciated basalt with veined qtz-epidote	0.05	0	-0.05
2017	16730	Brecciated basalt with veined qtz-epidote	0.02	0	-0.05
2017	16729	Brecciated basalt with veined qtz-epidote	0	0	-0.05
2017	16728	Brecciated basalt with veined qtz-epidote	0	0	-0.05
2017	16727	Brecciated basalt with veined qtz-epidote	0	0	-0.05
2017	16726	Qtz-diorite dyke with trace pyrite	0	0	0.08
2017	16804		0.01	0	-0.05
2018	16866	Um'ia Ck-altn zone in reverse fault			
2018	16885		0.03	0.02	0.7
2018	16884		0	0.01	-0.5
2018	16867	Um'ia Ck-altn zone in reverse fault			
2018	16812	Basalt breccia with silica-sulphide	0.01	0	-0.5
2018	16849		0	0	-0.5

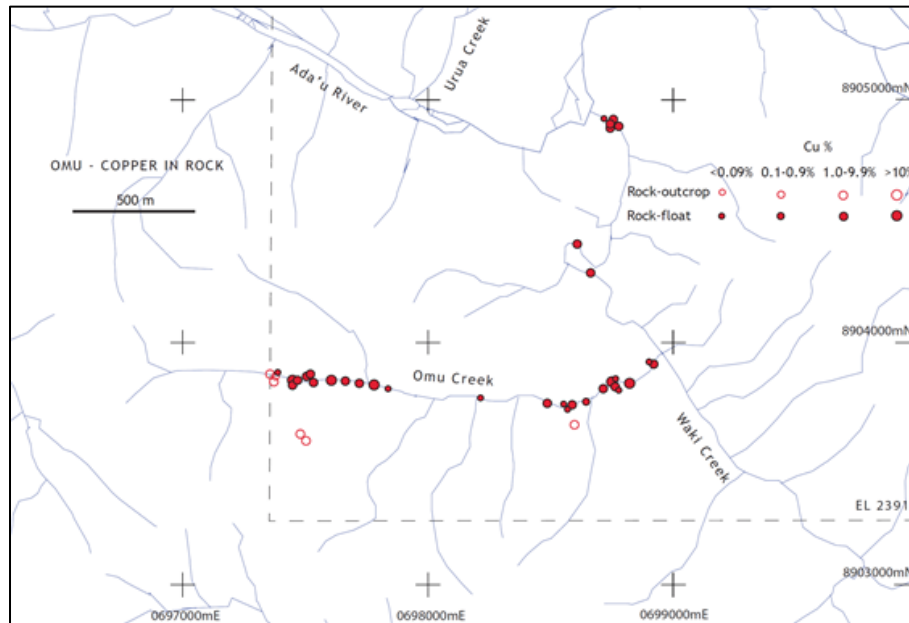


Figure 8. Omu rock chip results for copper, 2014-2018 sampling program



### ***Waki***

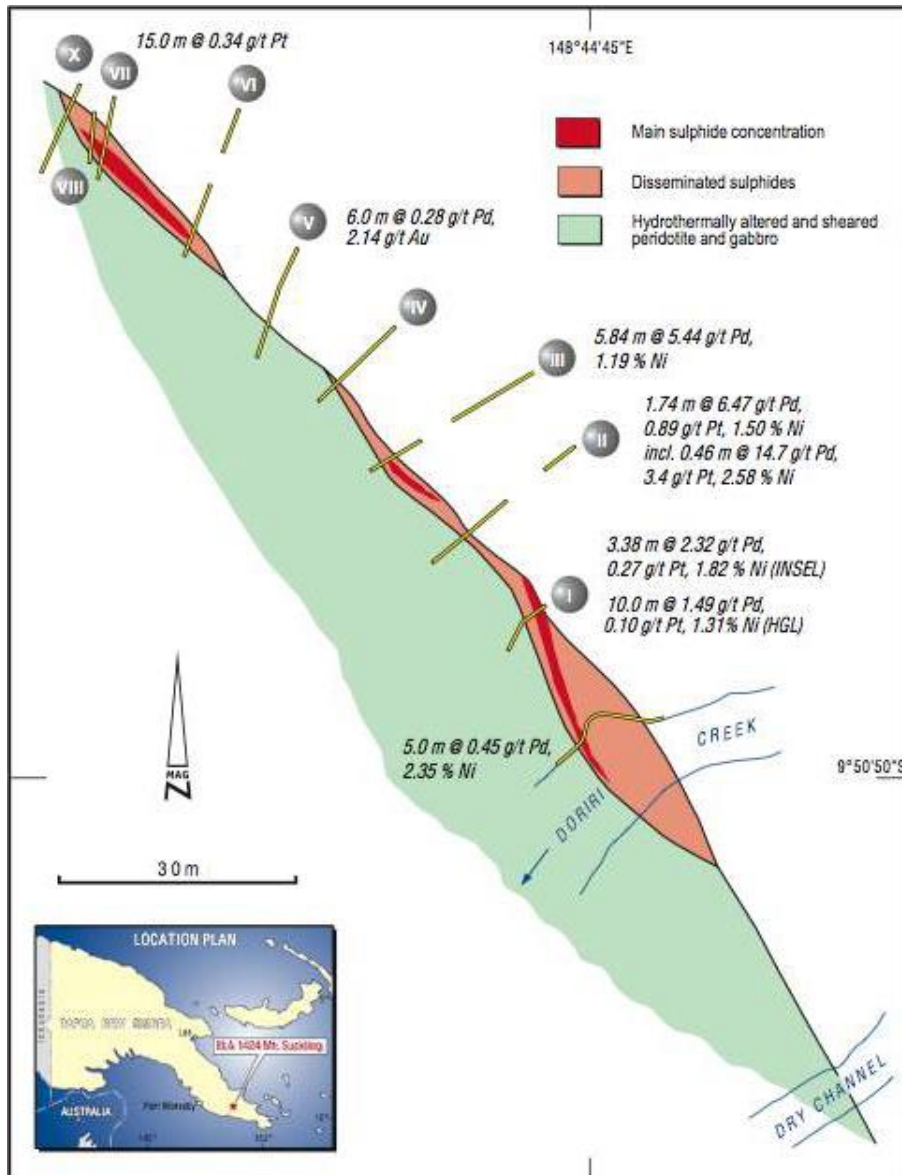
The Waki prospect is approximately 500m east of the Omu prospect: the two areas are separated by lower grade hydrothermal alteration (sericite and chlorite). Fine-grained diorite dominates the Waki area in mapping to-date. Hydrothermal alteration is better developed (chlorite, epidote and secondary magnetite) east of Waki Creek and is associated with chalcopyrite and malachite. Several float samples returned greater than 5% copper (Table 6).

**Table 6. Waki rock chip results for copper, 2014 sampling program**

<b>Year</b>	<b>Prospect</b>	<b>Sample No</b>	<b>Sample type</b>	<b>Geologic Descriptions</b>	<b>Cu%</b>	<b>Au ppm</b>	<b>Ag ppm</b>
2014	Waki	16608	F	Massive ccp in silicified quartz veined rock	7.36	0.05	9
2014	Waki	16609	F	Semi-massive & disseminated ccp from sample 16608	7.06	0.05	6
2014	Waki	16610	F	Fracture coated ccp in veined/stockworked rock	5.77	0.03	6
2014	Waki	16611	F	Massive silicified rock with stockwork of quartz & pyrite	0.3	0.01	-0.2
2014	Waki	16612	F	Veined and altered basalt with disseminated sulphide	3.11	0.02	3
2014	Waki	16613	F	Massive & disseminated ccp + quartz veining near limest.	8.01	0.14	16
2014	Waki	16614	F	Massive ccp with quartz from large corner in Waki Creek	7.61	0.2	14

### ***Doriri***

Initial work on the Doriri prospect was undertaken by CRAE in 1966, with reconnaissance soil sampling followed up with eight hand-dug trenches. CRAE dismissed the prospect as being too small to consider further work. Results of CRAE trench sampling are shown in Figure 9.



**Figure 9. Doriri prospect CRA trenches with sampling results from CRAE, INSEL and HGL**

INSEL carried out further investigations in 1966-1967, extending some of the CRAE trenches and excavating new ones (Figure 9). Ground magnetics and ground electromagnetic (“EM”) surveys were undertaken over the prospect area to define extensions to the strongly magnetic and conductive mineralization. A four-hole drilling program (total of 325.88m) was commenced in 1967. Drilling used a small core size (BXWL - 33.4mm core diameter; 59.9mm hole diameter) and was beset with core loss problems and stuck rods caused by numerous zones of fault gouge associated with sheared and micaceous material comprising mineralization. Drilling statistics are summarised in Table 7.

**Table 7. INSEL drilling, Doriri**

Hole	Azimuth	Dip	Depth (m)	Year drilled	Comments
Z4302	243°	45°	22.86	1967	Abandoned. Drilled under massive alteration in Costean V. Did not reach lode. Rods bogged in mica+magnetite rock
Z4303	225°	60°	105.15	1968	Abandoned. Drilled under Costean I/Creek section. Mapping suggests that this hole stopped short of the lode



Z4304	225°	60°	114.97	1968	Abandoned. Drilled under Costean VIII. May have intersected stringers
Z4305	225°	60°	82.9	1968	Drilled to completion but PPM mapping suggests hole may have stopped short of lode

Nord Resources in 1980 completed soil sampling over copper anomalism and EM conductors to the north and west of the main nickel mineralisation. Several older trenches were deepened and resampled to better assessing platinum values assayed by INSEL. Highlands Gold resampled trenches I and II in 1990, confirming the presence of significant Ni-PGM mineralization. Orientation soil sample lines across two trenches confirmed that soil sampling was an effective method for delineating mineralisation. During 2007-2008, PPM reopened and resampled the CRAE and INSEL trenches, and also excavated eight new trenches. A best result of 15m at 1.39% Ni and 1.22 g/t PGM was obtained at the southeastern end near Doriri Creek (Figure 10).

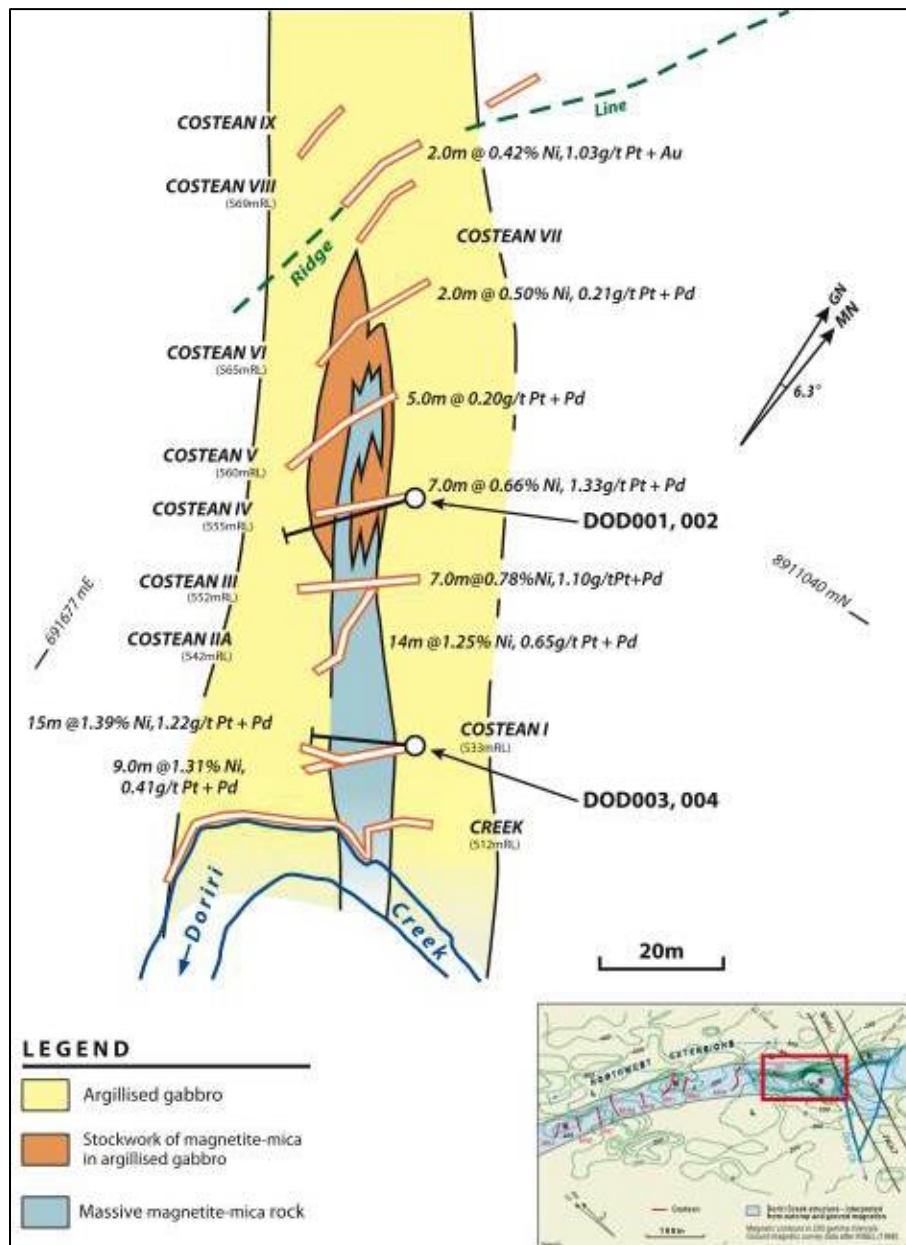


Figure 10. Doriri trenches with PPM sampling results

PPM commissioned a study on the formation of mineralization at Doriri by the Common Wealth Scientific and Industrial Research Organization (“**CSIRO**”) in 2011. It was concluded that nickel-PGM mineralization was formed by low-temperature hydrothermal fluids focussed within a near-vertical structure. As a hydrothermal nickel deposit, Doriri is a rare style of mineralization worldwide, with the only similar style seen at Avebury in Tasmania.

During March-April 2012, PPM completed four diamond drill holes at Doriri, as shown on Figure 11 as DD001-DD004. Best intercepts are shown in Table 8, and grades and widths broadly correspond with intercepts in trenches above the drill holes, as shown in the cross section in Figure 11.

**Table 8. Doriri prospect PPM drilling results**

Hole ID	From-To	Width (m)	Ni grade %	PGM grade g/t
DOD001	17.60 – 29.80m	12.2	1.08	0.52
		Inc 4.6	1.69	0.53
DOD002	25.00 – 29.00m 33.00 – 37.00m	4.0	0.86	0.41
		4.0	1.28	0.53
		Inc 1.0	0.65	1.19
DOD003	2.80 – 13.50 m	10.7	1.78	0.68
		Inc 5.2	2.51	0.92
		Inc 1.2	5.71	1.03
DOD004	6.00 – 18.00m	12.0	0.83	0.62
		Inc 3.0	1.16	1.12
		& 3.0	1.15	0.78
		Inc 1.0	1.41	1.68

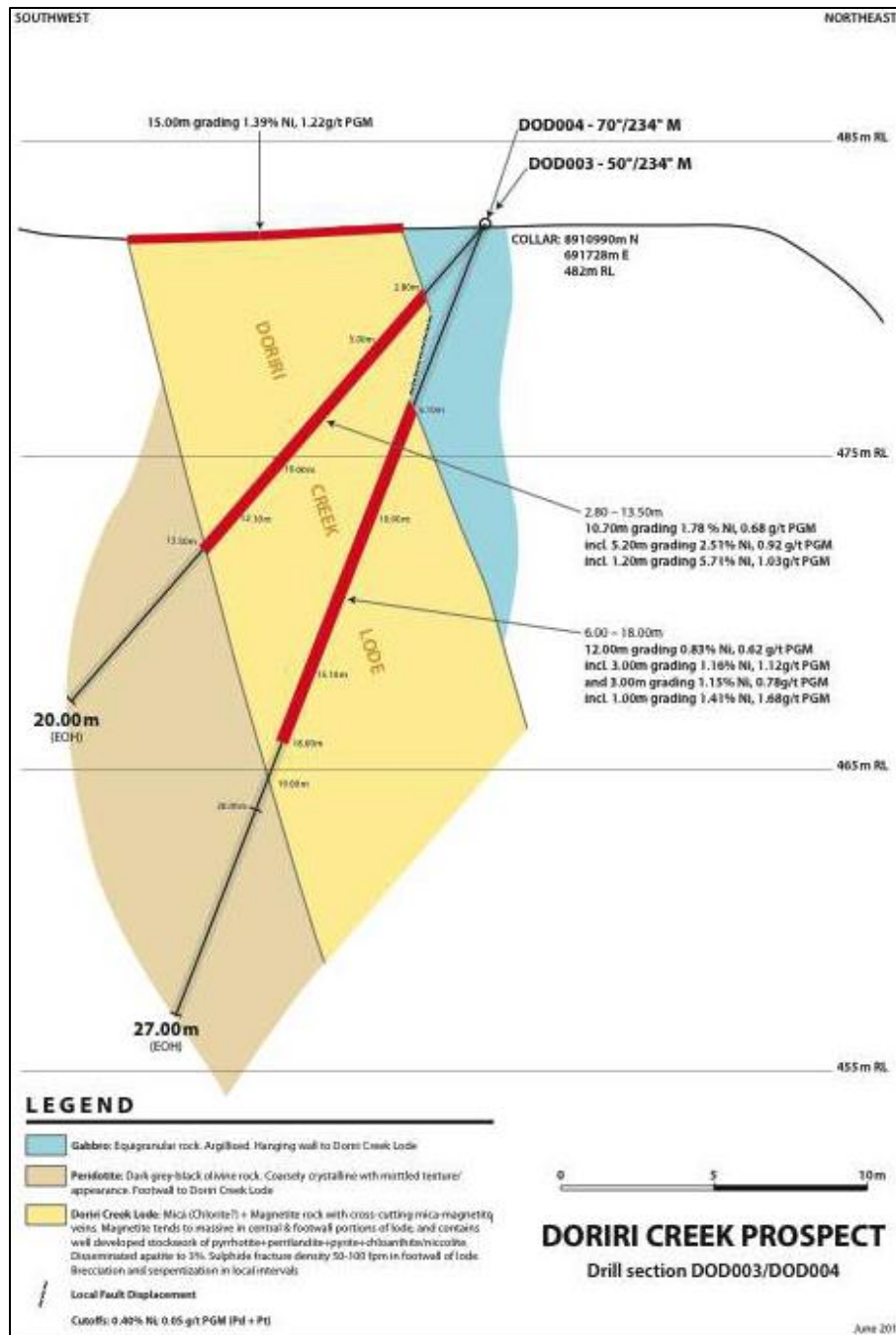


Figure 11. Doriri drill section through DD003-DD004

### Dimidi Creek

Highlands Gold creek sampling in 1990-1991 identified pannelable gold and platinum in Ada'u River and Dimidi Creek. Chromitite float boulders were also noted. Nuigini Nickel followed up this work in 1991 with limited traversing and sampling to Dimidi Creek's mid-reaches. Pan concentrate Pt values are shown in Figure 12.

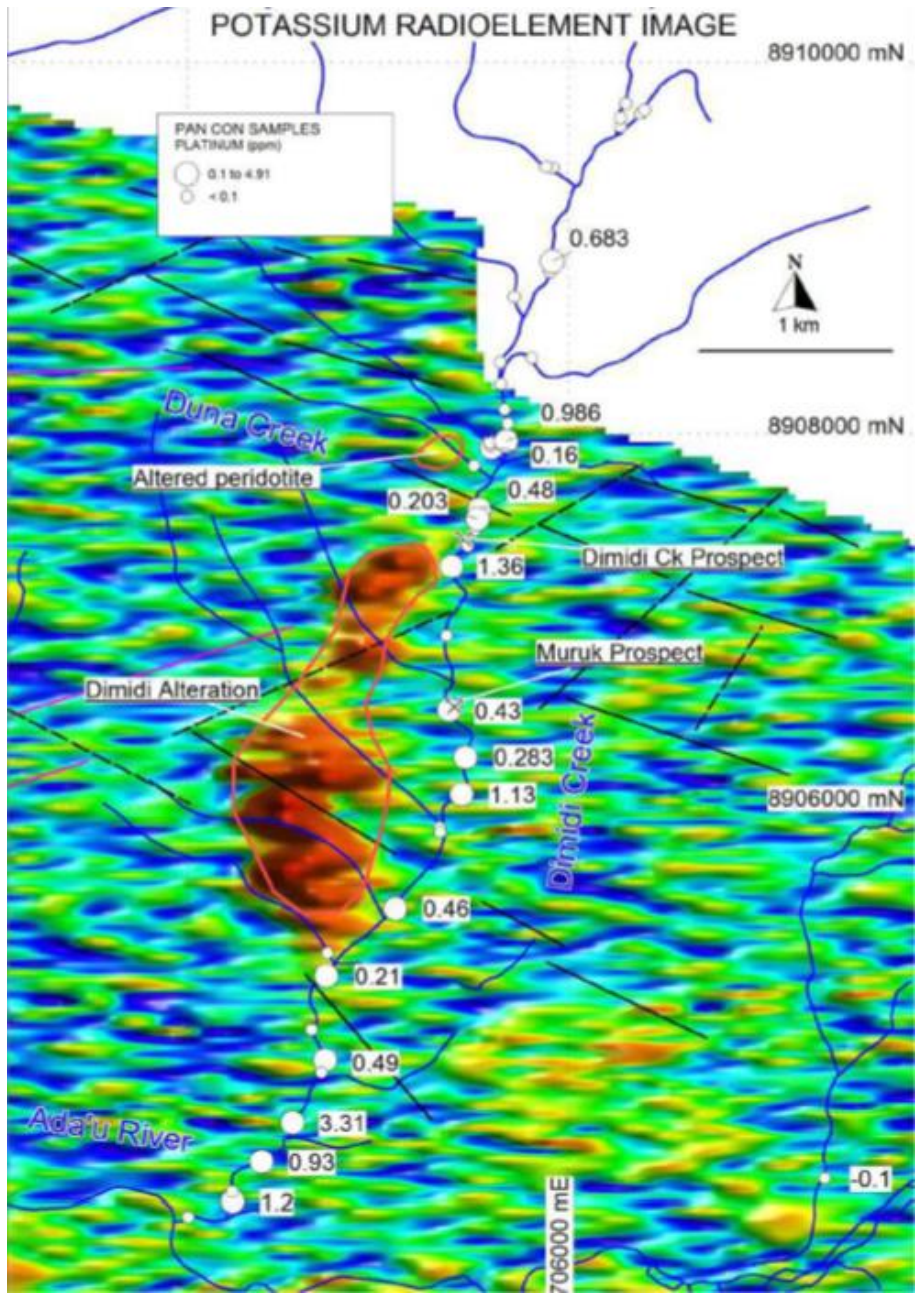


Figure 12. Dimidi prospect stream pan concentrate results

**Regional Airborne Geophysical Survey**

PPM commissioned Fugro Airborne Surveys to conduct a helicopter-borne low-level airborne magnetic and radiometric geophysical survey in the Ada'u Valley area, which was completed in December 2010. The survey acquired approximately 1,076 line km of magnetic and radiometric data at 200m flight line spacing and 60m nominal mean terrain clearance with a line direction of 000°. Digital terrain modelling, total magnetic intensity, uranium, thorium and potassium results were collected. 3D inversion of the total magnetic intensity (“TMI”) data was undertaken in 2011 to provide an indication of deeper magnetic sources that may be related to magnetic intrusive bodies and/or magnetite alteration associated with porphyry systems. Some of these inversion anomalies coincide with known mineralization at Omu, Yokai and Oiso.



# Geological Setting and Mineralization

## Regional Geology

PNG straddles the contact between the northern margin of the Australian continental plate and the Pacific Plate to the northeast. The country comprises three broad geological and tectonic provinces:

1. Platform sediments of the Australian Plate to the southwest;
2. Oceanic crust and volcanic arc sequences of the Pacific Plate to the northeast; and
3. Highly deformed central mobile belt, consisting of deformed oceanic crust as well as island arc volcanics and sediments.

Large blocks of Cretaceous age ultramafic to mafic units were emplaced along regionally extensive fault zones within the central mobile belt. The largest of these ultramafic units is the Papuan Ultramafic Belt (“**PUB**”), which extends some 400km and is up to 40km wide. The Keveri Property straddles the Keveri Fault, a regional structure contiguous to the west-northwest with the Owen Stanley Fault System (Figure 13).

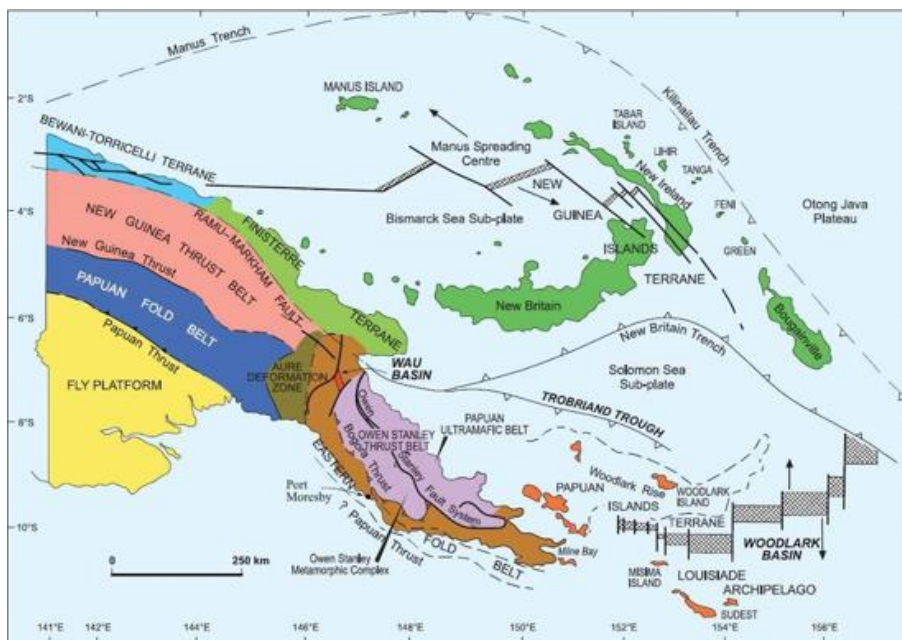
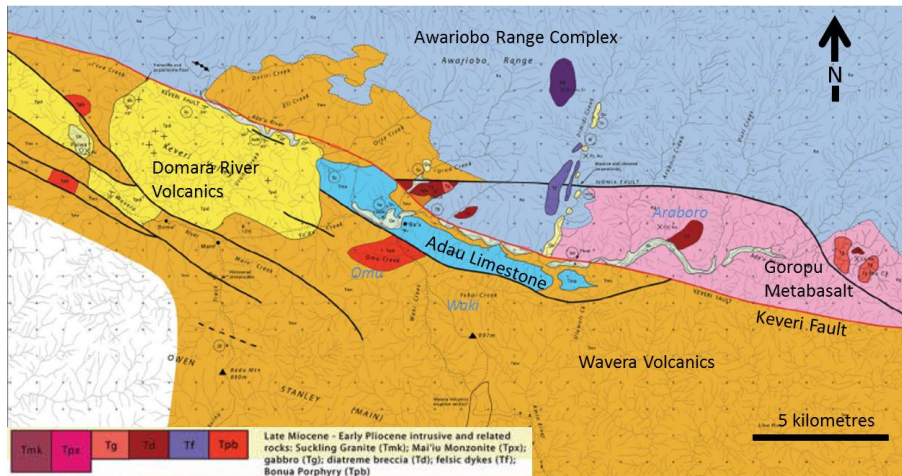


Figure 13. Tectonic setting of the Keveri Property in the Owen Stanley Fault System, Papua New Guinea

## Local Geology

A major WNW trending regional structure, the Keveri Fault Zone, dominates the Keveri Property area and forms the boundary between two major geological domains: mafic and ultramafic units of the PUB to the north and basaltic pillow lavas and mixed sediments of Miocene Wavera Volcanics to the south. EL2391 is dominantly underlain by PUB units with Wavera Volcanics only present in the southeastern portion of the tenement. In contrast EL2560 is predominantly underlain by Wavera Volcanics, with PUB units restricted to its northern portion.



**Figure 14. Local geology**

The PUB is interpreted to represent a tectonically emplaced slice of oceanic crust and upper mantle. Three main units within the PUB are described:

- Basal ultramafic zone (4-8km thick) interpreted to represent oceanic mantle material and composed of a basal non-cumulus member (90% of the zone) consisting of harzburgite, dunite and orthopyroxenite. This is overlain by a cumulus member, between 100m and 500m thick, consisting of ultramafic cumulates probably grading upwards to into cumulus gabbros.
- Gabbro zone (4km thick) consisting of a high-level gabbro grading upwards into basalt and an underlying granular gabbro which includes a cumulus gabbro.
- Upper basalt zone (4-6km thick) consisting predominantly of massive basalt and pillow lavas and some dacites. Locally the unit grades upwards into fine grained calcareous sediments. This unit and the underlying gabbro zone are interpreted to represent oceanic crust.

Smith and Davies mapped an extensive sequence of ultramafic rocks from the Awariobo Range, in the central portion of EL2561. The ultramafic units, which exhibit a metamorphic fabric, include harzburgite, dunite, orthopyroxenite and wehrlite. Wehrlite may be unique to this portion of the PUB as it has not been recorded elsewhere in PNG.

South of the Keveri Fault Zone, Wavera Volcanics consist predominantly of basalts and fine-grained dolerites extruded into a marine environment: pillow structures have been recorded from some outcrops. Interbedded calcareous sediments of the Adu'a Limestone are restricted to a single stratigraphic horizon in the volcanic sequence bounded to the north and south by parts of Keveri Fault and consist of fine-grained, laminated red, red-brown and white calcilutite and limestone.

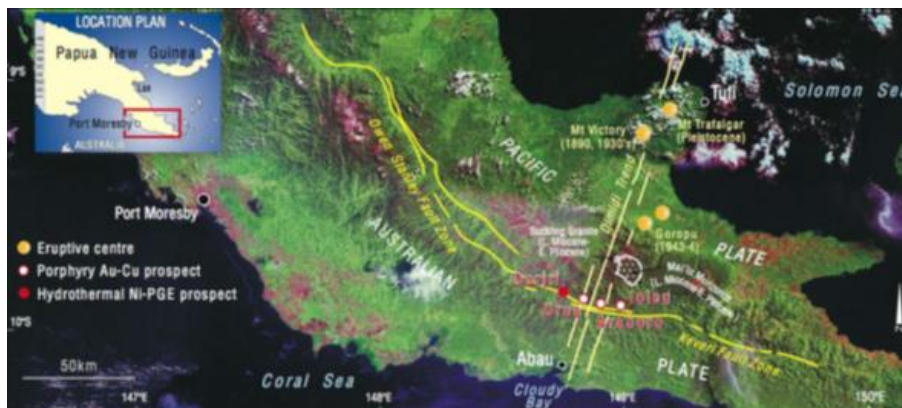
Domara River Conglomerate overlies Wavera Volcanics within the Keveri Valley and more extensively to the northwest of the Keveri Property. The formation comprises flat-lying conglomerate, pebbly conglomerate, sandstone, carbonaceous sandstone, siltstone and claystone.

Granite and monzonite of the Suckling Granite and Mai'iu Monzonite outcrop to the northeast of the Keveri Property area and are Late Miocene to Early Pliocene in age. Equivalents of the Mai'iu Monzonite occur in several locations within the Keveri Property as stocks, dykes and associated diatreme breccias at Urua Creek, Doriri Creek, Dimidi Creek and Araboro Creek prospects.

The Keveri Fault is a broad feature up to 4km wide marked by a series of aligned streams and valley floors of the braided Ada'u River and the Domara River. In the Ada'u River valley, the fault trace is marked by a rapid step in elevation immediately north of the river. Truncated ridges in the Ada'u valley and the deflection of drainage channels in Holocene gravels (eg. Araboro and Dimidi Creeks) also mark the fault and indicate some component of right-lateral strike-slip movement. There is evidence for significant amounts of uplift of the northern side of the fault, including

development of conglomerates and breccias and exposure of granitic rocks around Mount Suckling. Bedding in sediments on the southern side has been tilted to a south-dipping orientation by fault drag, also indicating north-side-up movement.

A series of NNE trending fractures, linear drainages and dykes define the Dimidi Trend (Figure 15), a recently recognised trans-island structural feature. It is thought to be related to similarly oriented trends known throughout PNG that are interpreted as transfer structures. The structure appears to have been important control on Late Oligocene-Holocene magmatism and volcanism in the area, including eruption of Wavera Volcanics, intrusion of Suckling Granite and Mai'iu Monzonite and intrusion of various mafic and felsic stocks, dykes and diatreme breccias.



**Figure 15. Tectonic setting of Property area, showing major structures**

### ***Mineralization***

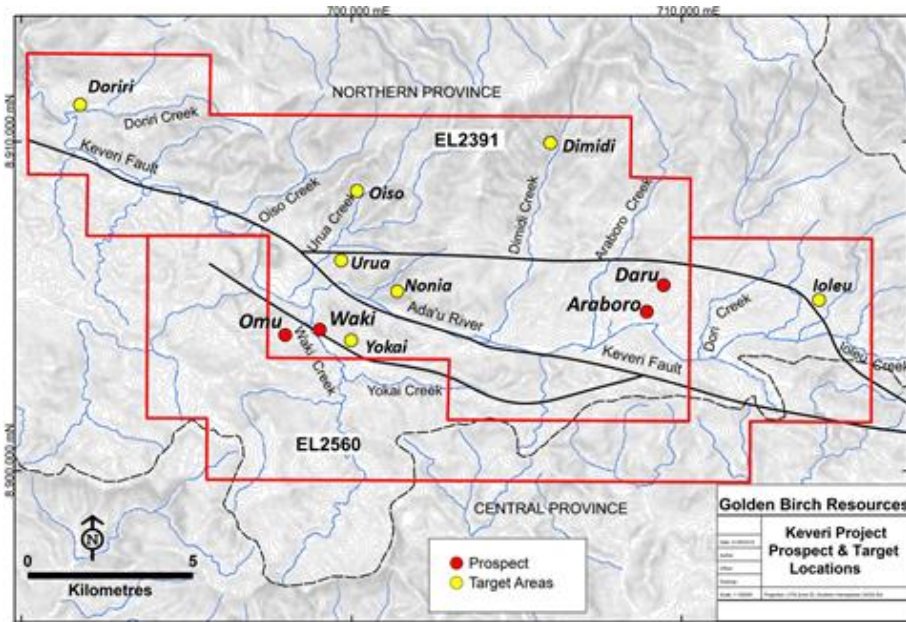
Two main styles of mineralization are present in the Keveri Property:

1. Porphyry-style Cu-Au related to mafic to intermediate composition porphyritic intrusive stocks proximal to the Keveri Fault. Mapping shows features at different prospects related to possible diatreme formation and structurally controlled hydrothermal breccias.
2. Structurally controlled hydrothermal Ni-Cu-PGE mineralization related to mafic-ultramafic rocks of the PUB.

Historic exploration largely focussed on Ni-Cu-PGE deposits, whereas the Company's main interest is the potential for large Cu-Au porphyry systems. Cu-Au prospects are described below first, with only brief descriptions of Ni-Cu-PGE prospects.

### ***Prospect Geology***

The main prospects being investigated by the Company are located along the Adu'a Valley as shown in Figure 16 and discussed further below.



**Figure 16. Keveri Property Prospects**

Omu

Omu was discovered in 2014 from float sampling/mapping within Omu Creek at its junction with Waki Creek. Mapping has defined an altered and mineralized composite diorite stock covering at least 1,500m by 750m (Figure 17), elongate in an east-west direction. Five different types of diorite intrusion have been mapped:

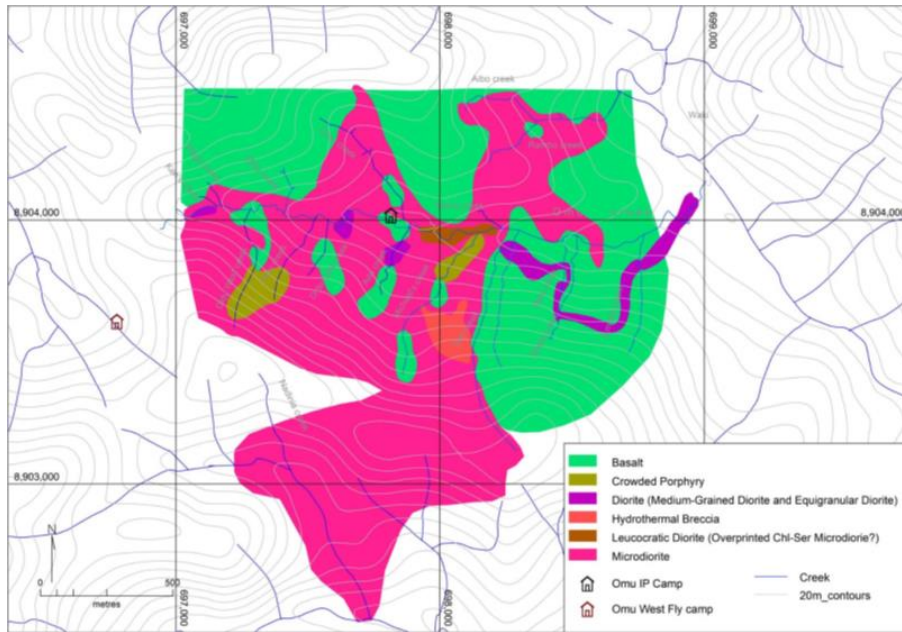
1. Microdiorite Porphyry;
2. Crowded Porphyry;
3. Equigranular diorite;
4. Medium-grained diorite porphyry; and
5. Mafic dykes.

Alteration assemblages are dominantly propylitic and argillic, comprising chlorite-epidote ± magnetite, chlorite-sericite and sericite-clay. Basalt country rock (Wavera Volcanics) is strongly sheared and rarely contains copper bearing quartz veins. Copper mineralization is manifested as three main styles:

1. weak disseminations of chalcopyrite in chlorite+sericite microdiorite;
2. chalcopyrite strongly associated with quartz-epidote veins; and
3. chalcopyrite in breccia occurring as disseminations and blebs both in diorite altered clasts (K-feldspar and epidote) and matrix (associated with weak magnetite).

During 2018-2019, the Company undertook further reconnaissance work at Omu, including collection of 572 soil samples over a regular grid, rock chip sampling. Copper anomalies are associated with similar patterns in molybdenum, with peripheral zinc-lead-silver.





**Figure 17. Interpretive geological map, Omu prospect (Golden Birch mapping, 2019)**

### Waki

The Waki prospect is located between Waki Creek and Ada'u River, the prospect is centred over a vertical feature of the magnetic inversion model. Mapping has defined an altered and mineralized composite diorite stock covering at least 1km<sup>2</sup>, current resonance mapping is pushing 1km west toward an interpreted magnetic anomaly. One phase of intrusion is mapped at Waki, a fine-grained diorite porphyry with varying degrees of phyllic alteration. The porphyry intrusions are in contact with amygdaloidal basalt (Figure 18). Copper mineralization is manifested as three main styles:

- Disseminated fine chalcopyrite;
- Rare chalcopyrite veinlets; and
- Supergene copper (malachite+azurite).

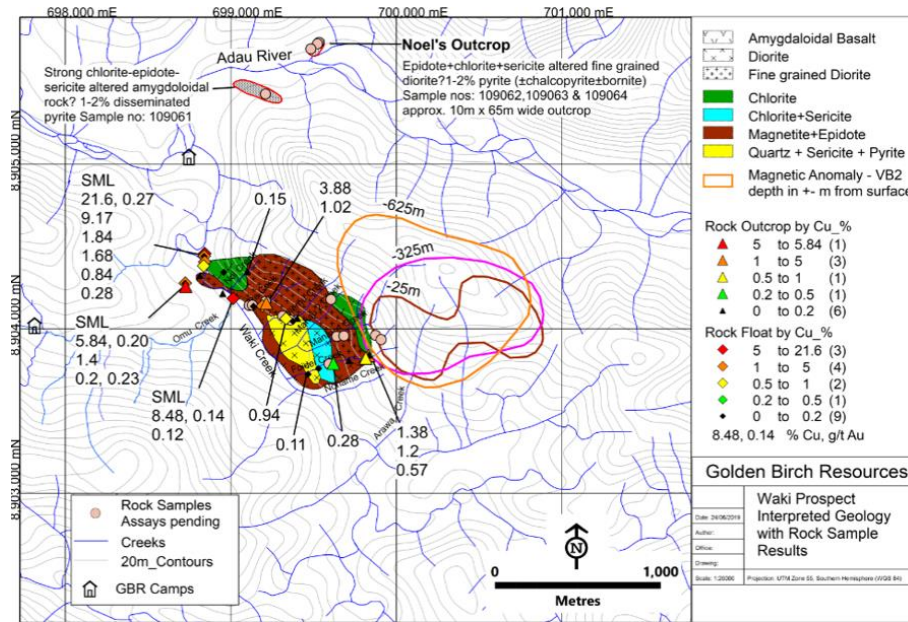


Figure 18. Waki Interpreted Geology with rock sample results (Golden Birch mapping, 2019)

### Araboro-Daru

Araboro is a distinct set of nested circular topographic features some 4km in diameter on the eastern margin of EL2391. An upstanding rim of fractured and weakly quartz-veined basalt surrounds a semi-circular depression of argillic alteration outcropping over a 500-900m x 2,000m area and a poorly-sorted diatreme with mapped dimensions of 1,000m x 900m (Figure 19). The diatreme breccia matrix is intensely altered (minor white-mica in places) and is accompanied with limonite veining.

Float samples in Daru Creek of brecciated quartz-pyrite-covellite in fine grained diorite intrusive graded 1.16% Cu (PPM sampling), and float in lower Araboro Creek yielded results of 1.35% Cu and 0.14 g/t Au. Pannable gold grains were also sampled from Araboro Creek.

Within the broad prospect area of Araboro, the Company have identified a prospect named Daru, which lies on the eastern side of the main Araboro circular structure. Recent mapping by the Company has refined the geology of the Araboro structure (Figure 19).

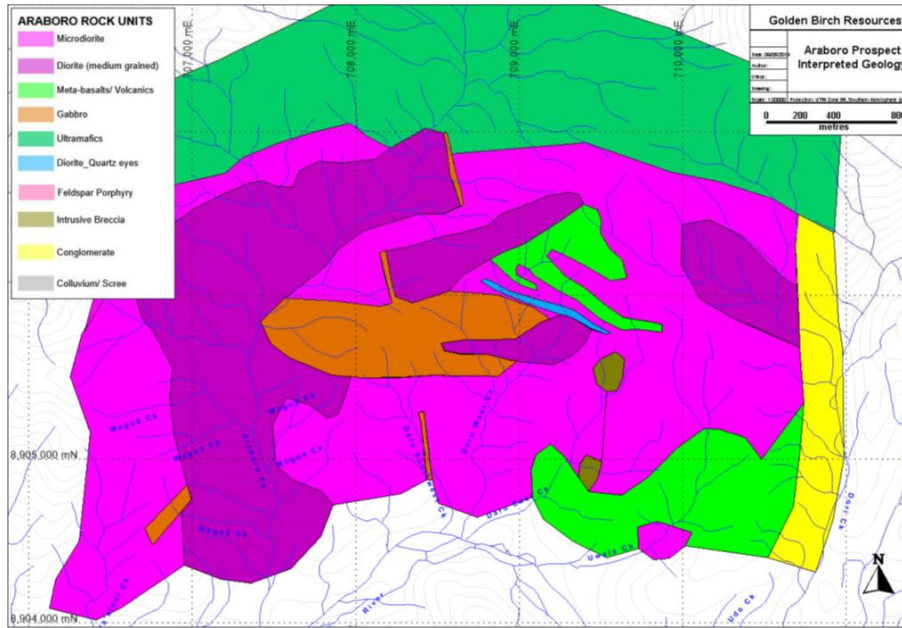


Figure 19. Interpretative geological map of Araboro-Daru. (Golden Birch mapping, 2019)

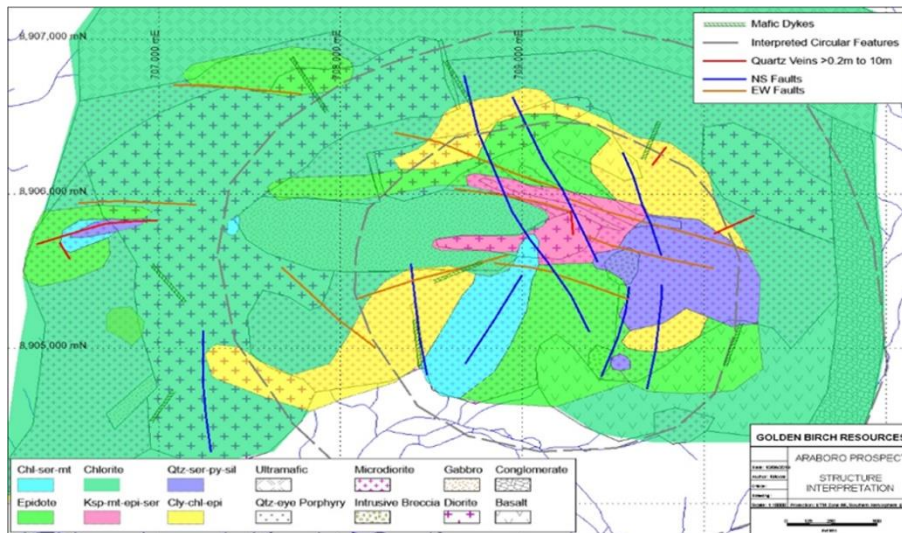


Figure 20. Interpretative alteration map of Araboro-Daru. (Golden Birch mapping, 2019)

Three main phases of intrusives are mapped in Araboro:

1. Microdiorite: most common phase, fine-grained and highly fractured with weak potassic and chlorite-sericite-magnetite-pyrite alteration.
2. Quartz diorite: occurs as narrow 2m-7m wide dykes with strong chlorite alteration. Rare disseminated pyrite-chalcopyrite.
3. Diorite: medium grained and blocky appearance, with common propylitic and rarer weak potassic alteration. Is coarser grained and has higher plagioclase content compared to microdiorite.

Other rock types in the area are as follows:

- Conglomerate – poorly sorted well rounded gravel size fragments on eastern margin of Araboro.

- Polymictic breccia – poorly sorted with fragments of microdiorite, diorite and quartz vein fragments with clay alteration. Mapped in two small areas in eastern side of Araboro structure. Disseminated pyrite (6-7%) occurs throughout with blebs of chalcopyrite±covellite. Possible diatreme/intrusive breccia.
- Gabbro – massive, strongly magnetic with minor sheeted quartz veining. Occurs as late mafic dikes truncating diorite intrusives within the centre of the Araboro structure.
- Basalt – fine-grained, flinty and laminated with quartz veins within the eastern and central part of the Araboro structure.
- Ultramafics – peridotite, harzburgite and pyroxenite. Contains magnetite and quartz-plagioclase layering and late felsic pegmatite veins/dykes. Chlorite-altered and strongly magnetic. On the northern edge of the Araboro structure, represents country rocks of the PUB.

Mineralization occurs as three main styles:

1. Disseminated and fracture-controlled pyrite in phyllic altered microdiorite, diorite and polymictic breccia.
2. Quartz-sulphide veins hosted in microdiorite and diorite.
3. Malachite staining in float and outcrop of veins and vein breccias in microdiorite.

#### Ioleu

Ioleu is associated with a structural splay off the Keveri Fault Zone and is characterised by a float train of large 50-60cm diameter boulders of metabasalt containing veins of chalcopyrite. These boulders have been tracked to landslides presumably associated with fractures of the Keveri Fault Zone and are coincident with a widespread area of pannable crystalline gold.

Two altered mafic stocks have been mapped in the area, one 1400m by 600m and the other 600m by 900m. A breccia body interpreted as a diatreme lies between the two mafic stocks. Grab samples of copper mineralization in float assayed up to 24% copper and angular float fragments are scattered over an area of approximately 3km<sup>2</sup>. No outcropping high grade copper mineralization has been found at this stage. Reconnaissance ridge and spur soil sampling yielded values up to 582 ppm copper.

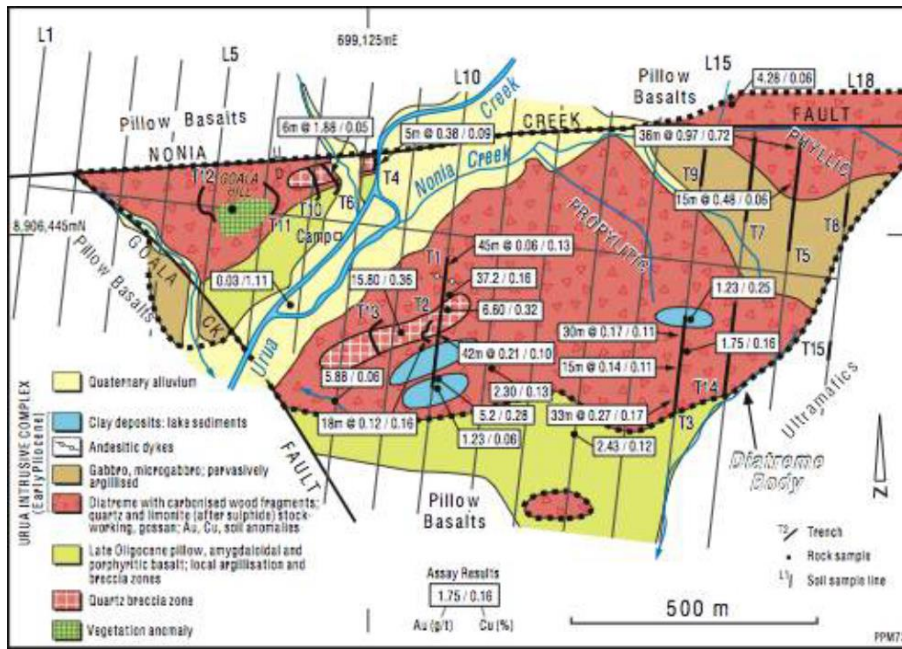
Alteration of gabbro typically comprises illite-smectite overprinted by fracture-controlled quartz-hematite-limonite that approaches stockwork style in some locations. Metabasalt country rock is strongly fractured, and one outcrop sample from basalt near the eastern gabbro assayed 0.27% Cu.

#### Urua

The prospect was discovered by Nord Resources in 1979 when mineralised float, observed at the mouth of Urua Creek, was followed to its source. Geology of the prospect comprises a Pliocene age diatreme breccia with dimensions of 1,700m by 900m, which was intruded by a series of variably altered monzonite stocks at depth. Country rocks are pillowed basalts of the Wavera Volcanics.

Mineralization is associated with zones of propylitic and phyllic alteration exposed in trenches and intersected in drilling. Propylitic altered zones typically grade from 0.1-0.2% Cu and 0.1-0.2 g/t Au in trenches, manifested as breccia and veinlet stockworks. In drilling, propylitic alteration is represented by locally intense epidotisation of monzonite associated with copper mineralisation. Phyllic alteration is localised at surface, with significantly higher grades than the propylitic zone (up to 1.1% Cu and 2 g/t Au over 12 m).





**Figure 21. Urua Prospect Geology Map**

Two other early stage prospects were defined in 2013: Osio and Yokai. Very limited work on both prospects has been completed, with only reconnaissance float sampling giving an indication of mineralization. At Osio a cobble of massive chalcopyrite grading 29% Cu and 0.2 g/t Au was found, and at Yokai a float sample assayed 0.37% Cu.

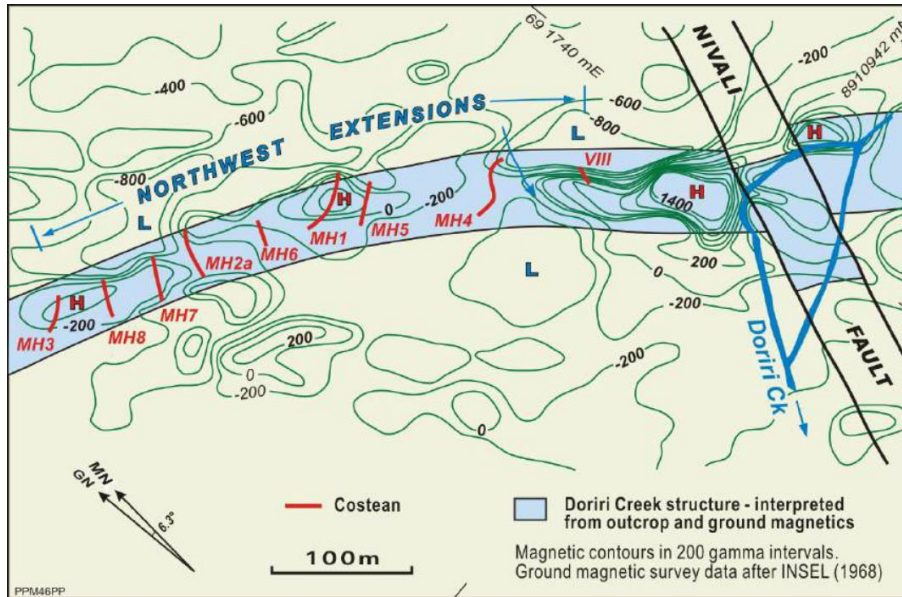
### Doriri Ni-PGE

Doriri is located in the north-western corner of EL2391. Geology is dominated by an intrusive ultramafic sequence comprising pyroxenite (orthopyroxenite) with minor peridotite (dunite; mainly olivine in composition) and a subordinate component of mafic intrusive rocks represented by noritic suites (gabbroids with ~12-66% plagioclase). Mineralisation is mainly hosted by norite in contact with dunite to the north.

Doriri mineralisation occurs within a northwest striking zone averaging 10-15m width and at least 500 m - 600 m long, which is sub-parallel to and within the trace of the Keveri Fault (Figure 22). The Nivali fault passes ENE along lower Doriri Creek and has apparently down-faulted the zone to the southeast.

Lindley (2016) published a detailed description of the unusual mineralization, which comprises pyrrhotite, pentlandite, pyrite and apatite in a mica-magnetite rock. PGM are dominated by Pd and Pt in the ratio >4:1, respectively, typical of hydrothermal deposits. Four drill holes returned grades over about 10m true width of 0.9%-1.8% Ni and 0.5-0.7 g/t Pt+Pd.

A CSIRO study commissioned by PPM in 2011 estimated temperature of formation between 100°C and 200°C, corresponding with epithermal style conditions. Rare earth elements are also highly enriched within the Ni-PGE mineralization. This type of low-temperature hydrothermal Ni-PGE-REE mineralization is unique and is to date the only known hard-rock PGE occurrence in PNG.



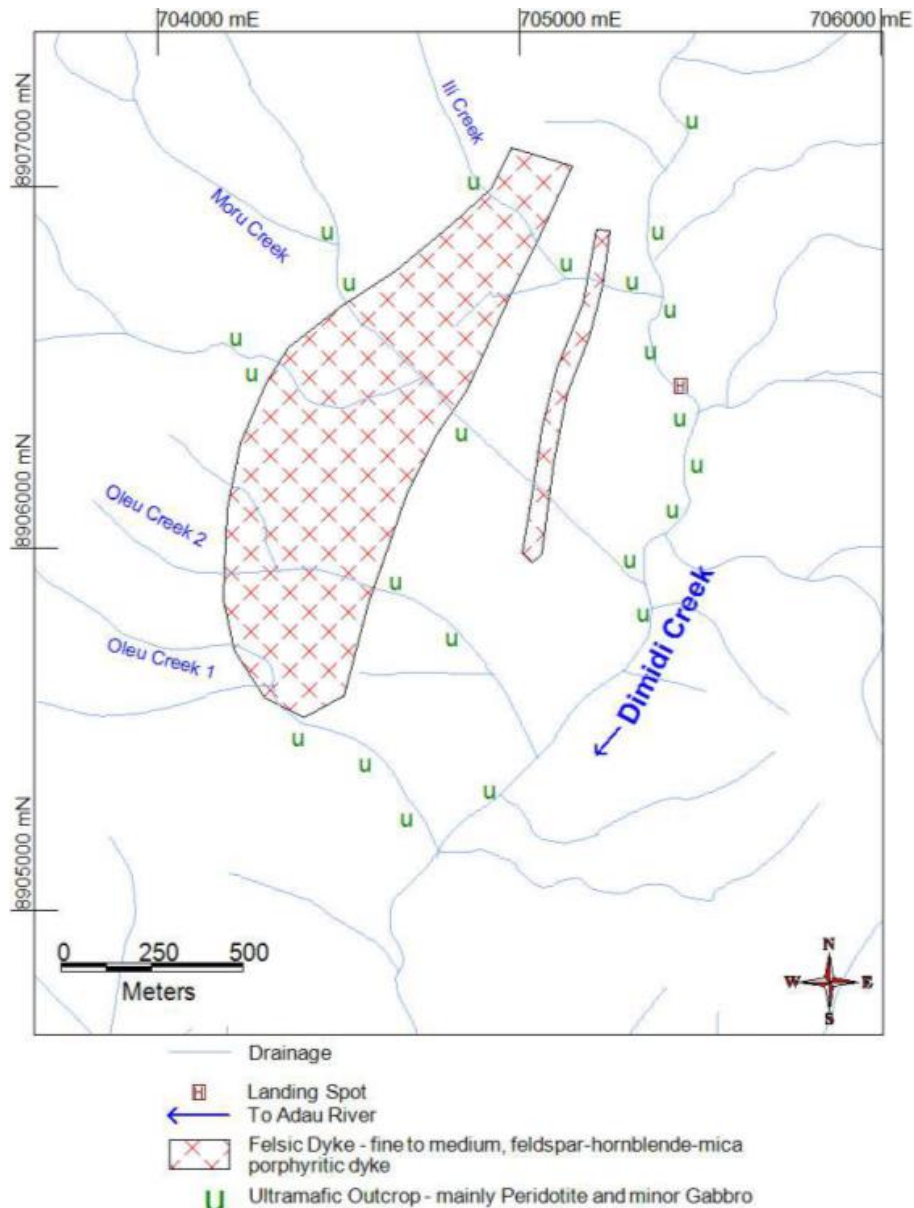
**Figure 22. Doriri prospect map with PPM trenches and ground magnetic contours**

### Dimidi Creek Pt-Pd-Au-Chromitite

Dimidi Creek lies within the Dimidi trend structure and is unique in the area as an occurrence of coarse dunite float, detrital Pt-Pd in pan concentrates and float of chromitite within a broad NNE trending potassium radiometric anomaly. Outcropping dunite and chromitite has not been located, but float occurrences indicate a source region in the upper reaches of Dimidi Creek. Rock chip sampling has also been unable to locate a source for high Pt-Pd values in stream sediments.

Outcrop along the traversed 7.8km interval of Dimidi Creek comprises dark-grey-black peridotite, pyroxenite and gabbro strongly sheared along NNE trending faults. Holocene age ultramafic breccia/conglomerate overlies ultramafics and is interpreted to be related to erosion and rapid uplift along the Keveri Fault to the south.

A distinctive pair of en echelon porphyritic felsic dykes striking NNE parallel to the Dimidi trend is the source of the Dimidi Creek airborne potassium anomaly (Figure 23). The largest dyke is 2,500m long and 300-500m wide. A smaller dyke outcrops 250m to the east and is 200m long and 10-20m wide. Mineralogy of the dykes comprises hornblende-augite-mica-feldspar phenocrysts in a felsic (white-pinkish/pale brown) groundmass.



**Figure 23. Geology, Dimidi prospect**

## Deposit Types

Main deposit types being explored for at the Keveri Property is porphyry copper-gold, the potential for epithermal gold mineralisation is also considered.

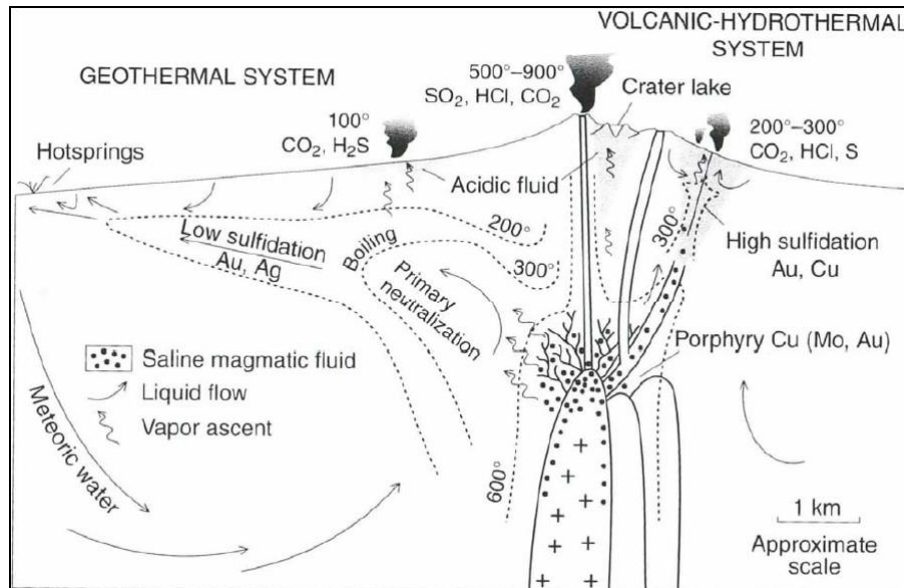
Porphyry deposits are very large, relatively low grade deposits that occur in the roof zones of igneous intrusions in island arc and continental margin settings. The mineralization is fracture controlled and comprises Cu and Cu-Fe sulphides with variable concentrations of gold and/or molybdenum. Porphyry deposits occur throughout the world in a series of extensive, relatively narrow, linear metallogenic provinces. They are predominantly associated with Mesozoic to Cenozoic orogenic belts in western North and South America, around the western margin of the Pacific Basin, and in the Tethyan orogenic belt in eastern Europe and southern Asia. However, major deposits also occur within Paleozoic orogens in Central Asia and eastern North America and, to a lesser extent, within Precambrian terranes.

Epithermal deposits develop in volcanic arcs at convergent plate boundaries and in intra-arc, back-arc and post-collision rift settings in association with calc-alkalic to alkalic magmatism.

This type of deposit typically forms at a relatively shallow depth (<1.5km) from low temperature (<300°C) fluids. Epithermal deposits are typically Tertiary in age or younger. The Pacific Rim (including PNG) is a prime area for epithermal deposits.

Epithermal mineralization typically occurs in veins and veinlets, and or as disseminations in the host rock or in breccias. Various classification schemes of epithermal deposits were proposed based on ore, gangue and alteration mineralogy, and, more recently, based on fluid chemistry (pH and redox state).

The spatial relationships between porphyry copper-gold and epithermal gold emplacement environments are shown in Figure 24.



**Figure 24. Schematic overview of the spatial relationships of high-sulfidation, low-sulphidation and porphyry deposits**

## Exploration

The Company has undertaken early stage exploration at Omu, Araboro-Daru (aka Daru) and Waki prospects. Work to date has comprised:

- stream float sampling;
- outcrop rock chip sampling;
- geological outcrop mapping (largely confined to stream banks and ridges);
- soil sampling 100m x 100m grid at Omu and Daru;
- 26 petrographic samples from Omu prospect; and
- 3D IP survey on 100 m x 100 m grid.

The number and types of different samples are summarised in Table 8.



**Table 8. Summary of Golden Birch sampling: 2018-2019**

Year	Prospect	Soils, ridge and spur sample	Float samples	Outcrop samples
2018	Araboro-Daru	242	10	5
	Omu	288	28	153
	Waki	-	2	1
2019	Araboro-Daru	108	37	43
	Omu	267	53	97
	Waki	-	3	7

***Float and Outcrop Sampling***

To date, the Company's exploration work has consisted of a program of mapping and rock chip sampling. At the time of the QP's site visit, the Company was continuing with field mapping and further rock chip sampling of creek exposures of their three main prospects, Omu, Waki and Daru. The highest outcrop sample returned 14% copper at the Omu prospect (Figure 25). Limited work has occurred at the Waki prospect with initial float samples providing encouraging results, to date the highest outcrop sample is 0.58% (Figure 26) and the highest Waki sample returned 3.88% copper.

Outcrop sampling at Daru (Figure 27) is less well mineralised (maximum grade from outcrop is 0.52% Cu), the float samples show there is mineralisation within the area (float 4.19% Cu). Prospect scale mapping provides encouragement, with evidence of hydrothermal alteration present.

At this stage the Company believes that the available limited historical information, including the close association of anomalous copper and gold could indicate the possible presence of a porphyry copper-gold mineralising system associated with buried intrusive at depth below the Omu and Waki areas.

**Table 9. Summary Statistics of Golden Birch Float and Outcrop sampling: 2018-2019**

Prospect	Sample type	Sample Count	Max Cu %	Avg Cu %	Max Au ppm
Daru	F	47	4.19	0.52	1.2
Daru	OC	48	0.52	0.04	0.1
Omu	F	81	11.65	1.4	5.2
Omu	OC	250	14.05	0.26	1.8
Waki	F	5	3.88	0.83	0.0
Waki	OC	8	1.39	0.58	0.0

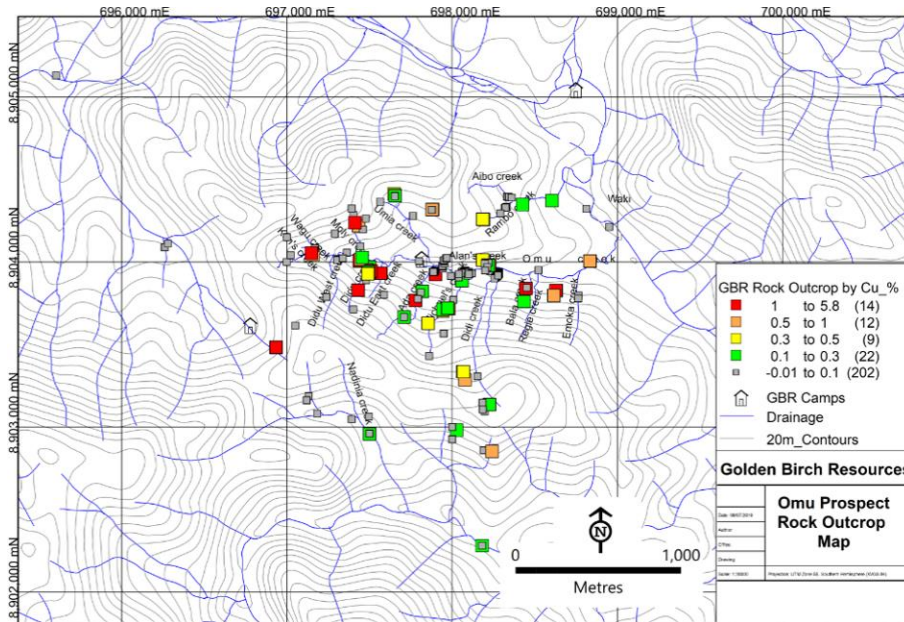


Figure 25. Omu copper in outcrop samples from 2018-2019 program

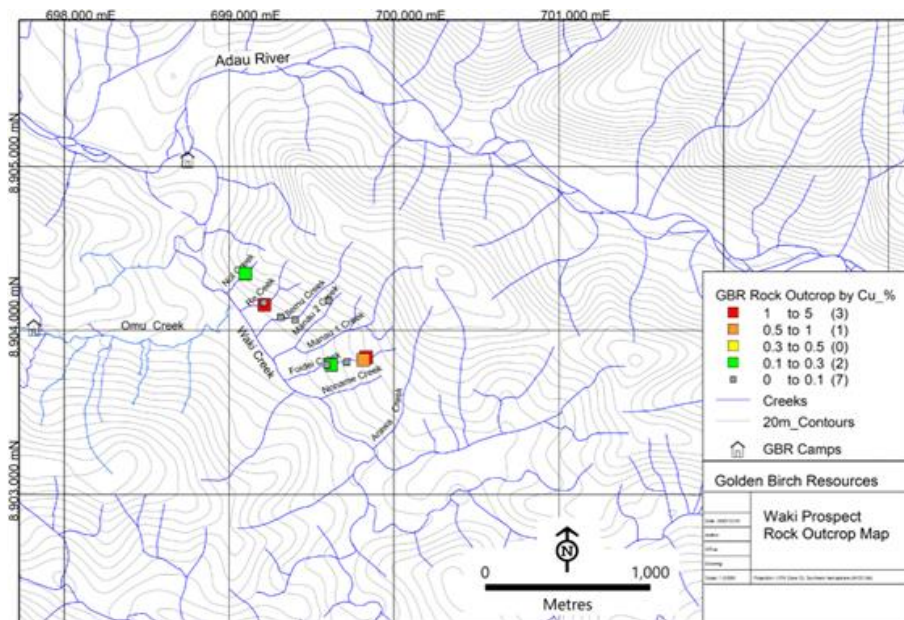


Figure 26. Waki copper in outcrop samples from 2018-2019 program

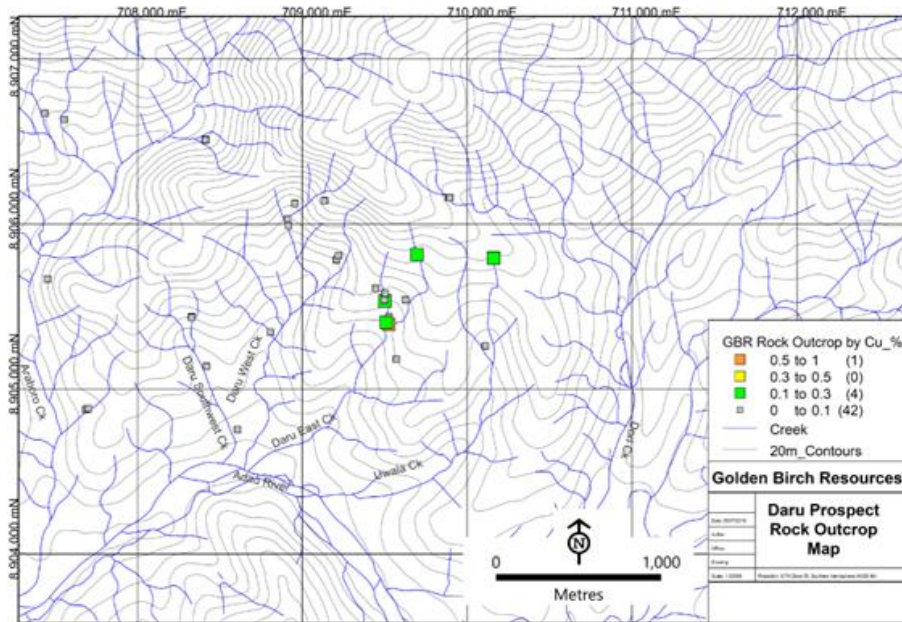


Figure 27. Daru copper in outcrop samples from 2018-2019 program

### Soil Sampling

Float and rock chip sampling identified prospective areas suitable for a soil sampling.

A 100 x 100m soil grid was designed over Omu and Araboro-Daru prospects, soil sample locations were identified using a handheld GPS. The location was cleared of vegetation using a spade and mattock. A hand auger was used to drill to saprock or a maximum of 2m. The bottom 30-50cm was then sampled, which was usually deeply weathered bedrock (saprock) or materials from the “C” horizon of the soil profile. Samples were not sieved.

Soil sampling showed a number of broad zones of anomalous copper (defined as greater than 180 ppm Cu) across the Omu area (Figure 28) and at Daru area (Figure 29).

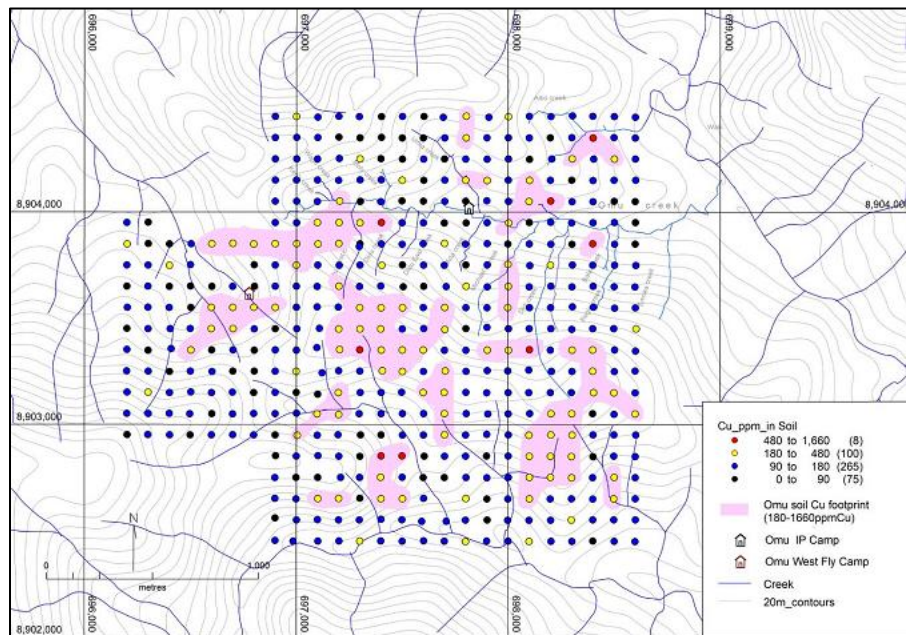
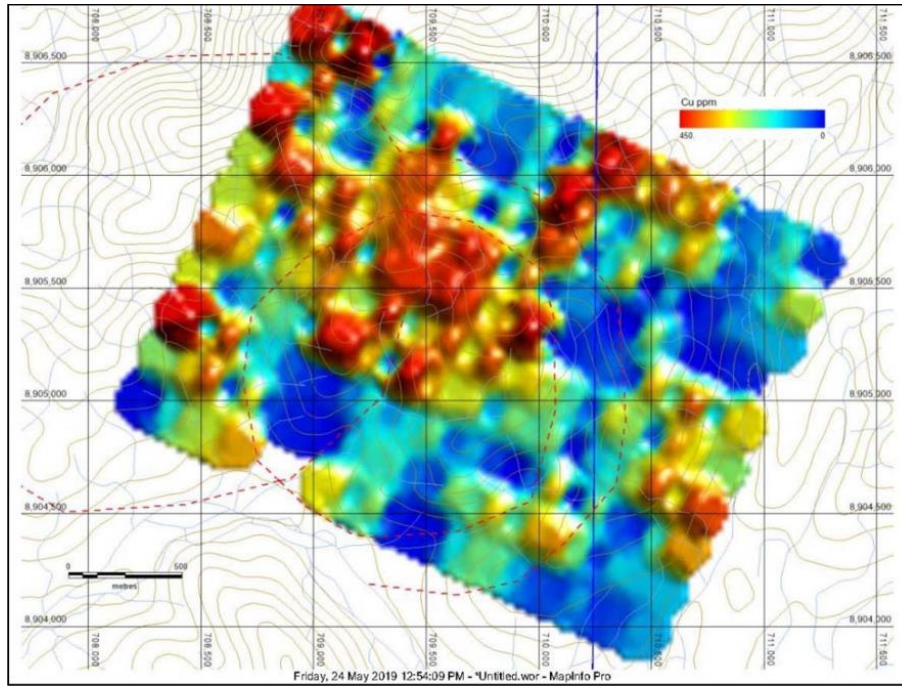


Figure 28. Omu copper in soils from 2018-2019 program



The Araboro-Daru area has recently been re-visited by Golden Birch geologists undertaking more detailed work than the brief reconnaissance of PMPL. During 2018-2019, the Company collected a 200m x 100m soil sample grid (350 samples in total), rock samples of float and outcrop (94 samples) and carried out geological mapping.

Soil sampling over Daru shows a copper anomaly (>80 ppm) coincident with zinc and silver over an area approximately 1km x 1km (Figure 29).



**Figure 29. Daru copper in soils**

### ***Petrology Report Summary***

26 samples from Omu were sent to Applied Petrographic Services and Research (“**APSAR**”) in Wanaka, NZ. The petrology defines a distal porphyry or intrusion-related environment. Copper (and precious metal) mineralisation is the result of structurally controlled convective hydrothermal fluid flow, fluids being of probable heated meteoric source, superimposed on thermally metamorphosed and metasomatised mafic to ultra-mafic, locally alkaline, fine grained igneous rocks. There is evidence amongst the prograde metamorphic-related metasomatism for magmatic hydrothermal contributions, including some early distal porphyry/magmatic hydrothermal style veining.

### ***3D IP Survey***

At the time of the QP’s site visit, SJ Geophysics, based in Vancouver Canada, had a field team on site conducting an IP survey over the Omu prospect (Figure 30). Preliminary results of 3D inversion of the IP data were made available on 29<sup>th</sup> June 2019.

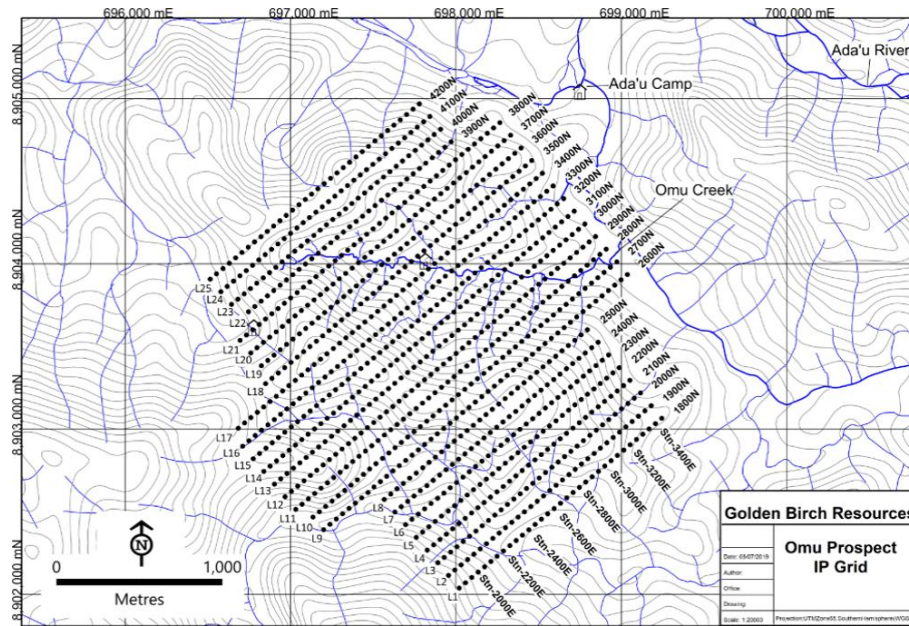


Figure 30. Omu IP and ground magnetic grid

Results of IP data inversion show three areas of higher resistivity within the southern half of the survey area, with a linear east-west low resistivity zone that aligns with a creek and which may represent a fault (Plan View Figure 31 and 3D oblique view Figure 32). Chargeability amplitudes are generally low and three zones of higher (>6 mV/V) chargeability are defined (Plan view Figure 33 and 3D Oblique view Figure 34), with the central zone being the largest and highest amplitude. Higher chargeability zones trend southeast-northwest and become shallower towards the northwest.

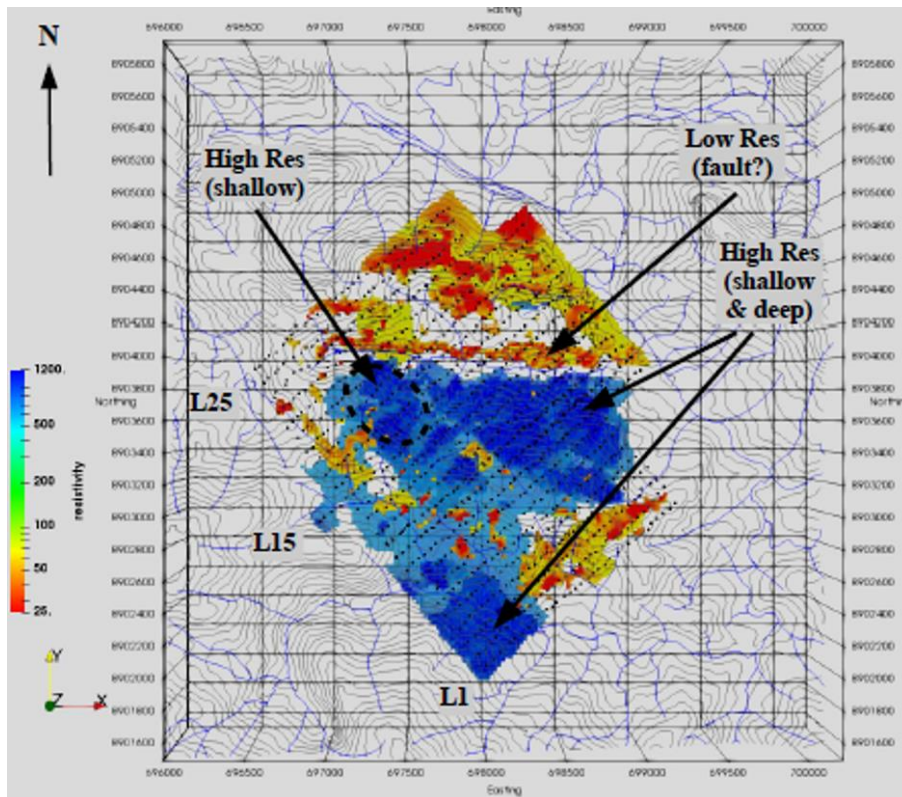


Figure 31. Inverted resistivity from 3D IP survey, Omu



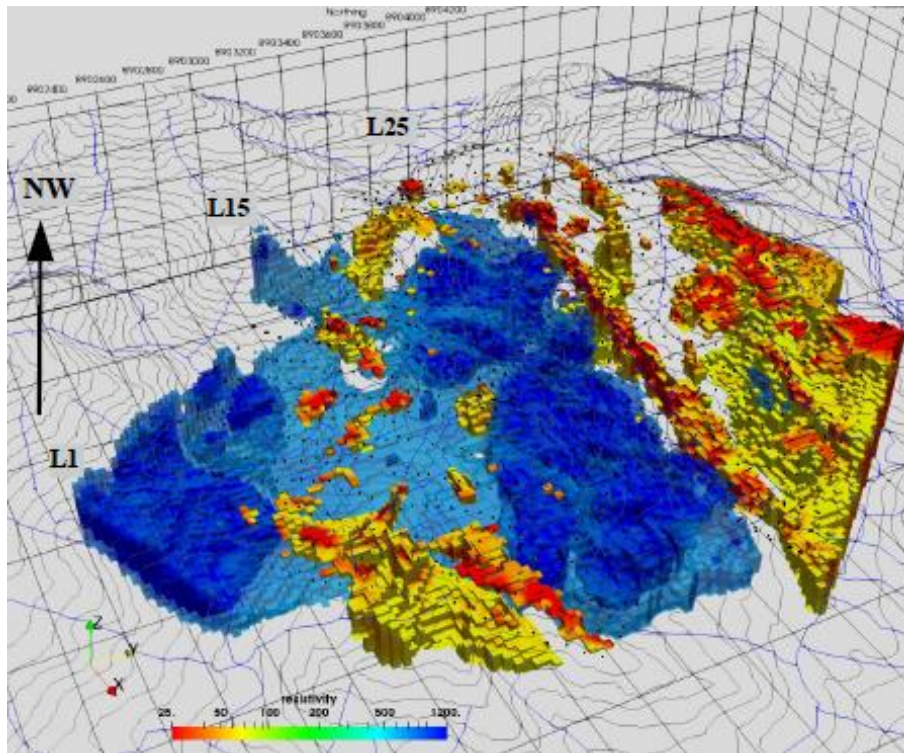


Figure 32. 3D oblique view Inverted Resistivity, Omu (looking NW)

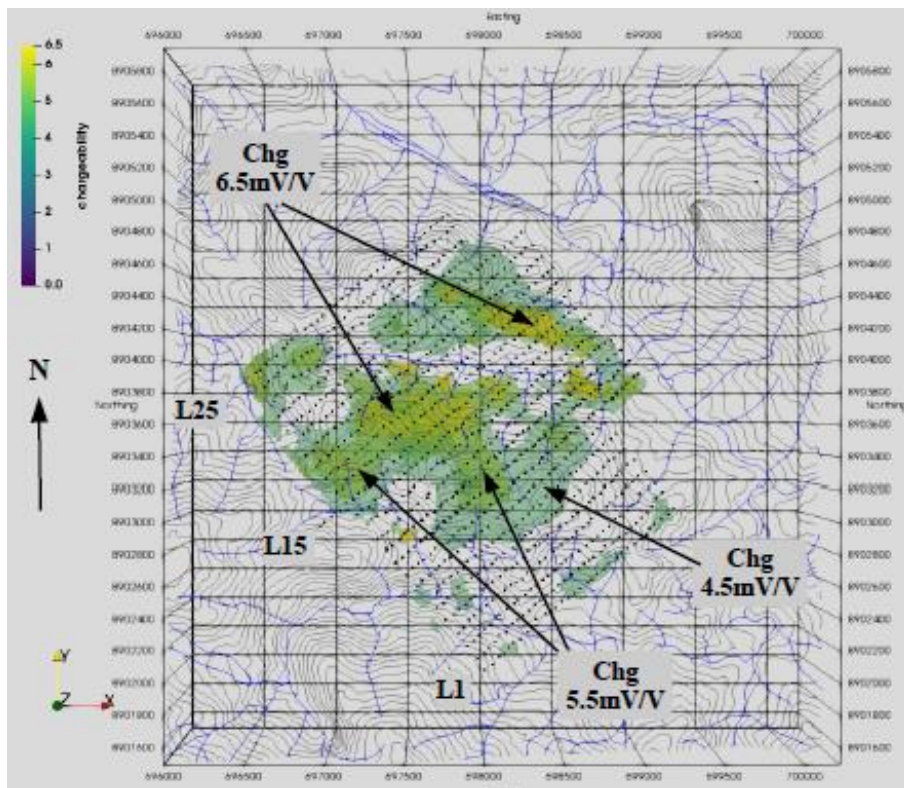


Figure 33. Inverted chargeability from 3D IP survey, Omu

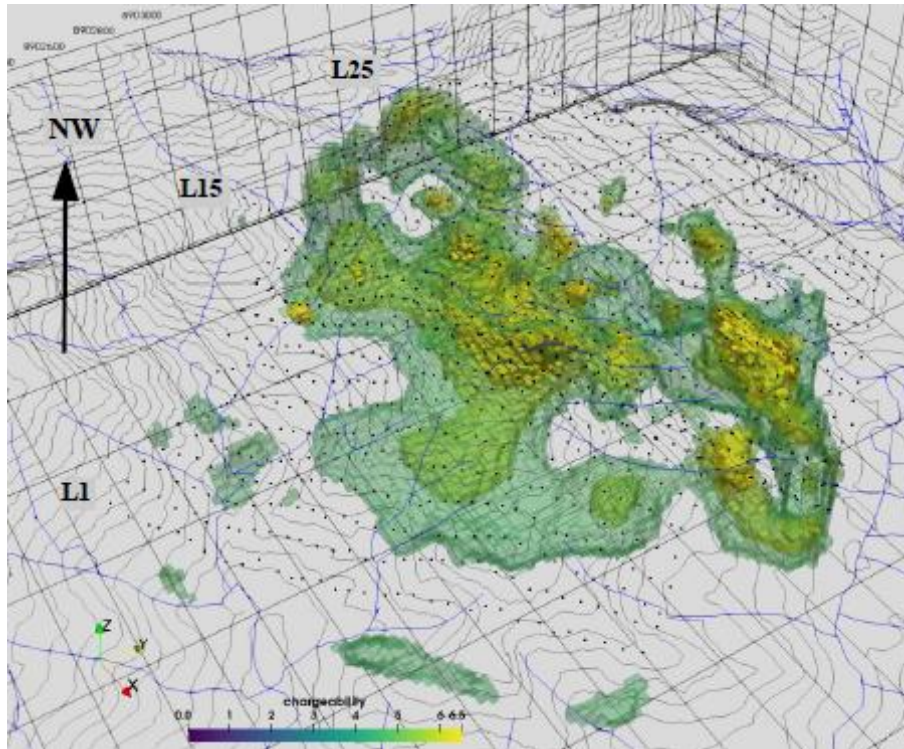


Figure 34. 3D oblique view of Inverted Chargeability, Omu (looking NW)

Comparing IP results with geochemistry and alteration mapping shows that high chargeability-high resistivity zones correspond broadly with higher copper in soils overlying chlorite-epidote and chlorite-sericite altered microdiorite in the central part of Omu prospect (Figure 35 and Figure 36). Small zones of clay-silica-pyrite and K-feldspar-magnetite alteration occur on the edges of the higher chargeability zones.

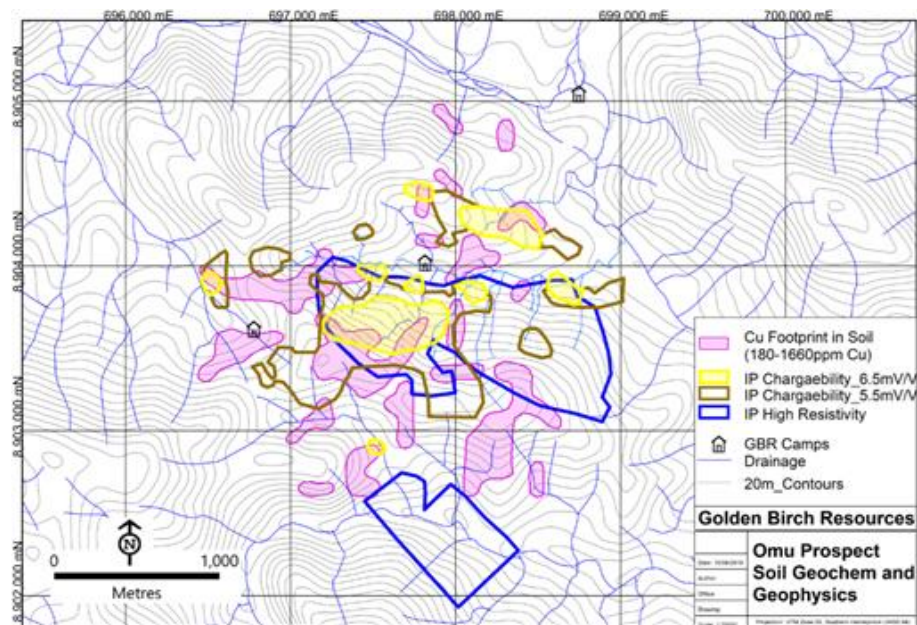


Figure 35. Omu soil geochemistry results and outlines of IP inversion zones



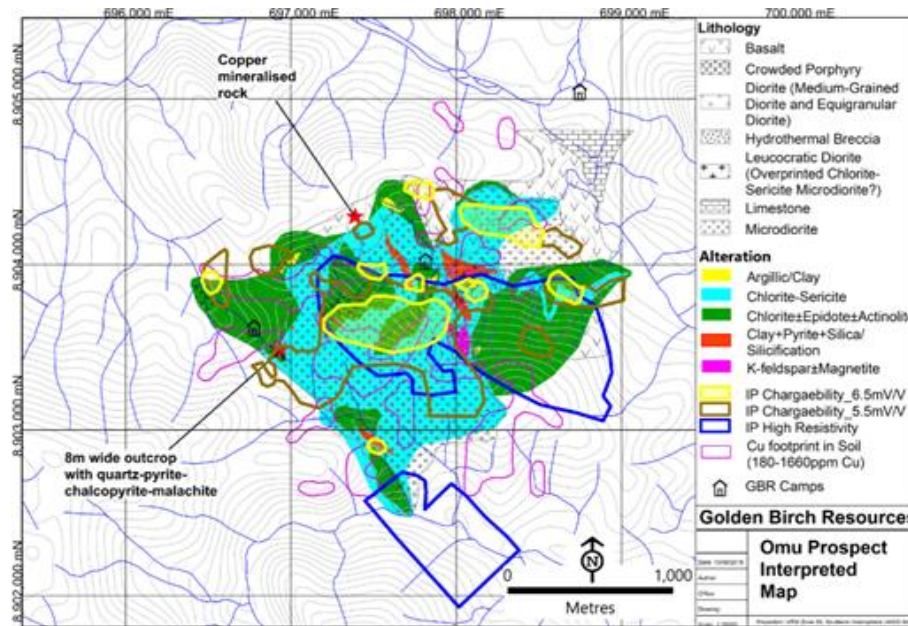


Figure 36. Omu geological mapping results and outlines of IP inversion zones

Ground magnetic data was acquired at the time of the IP survey. Ground magnetics provide an insight into the subsurface distribution of alteration styles and structural fluid pathways. Magnetite in porphyry systems is associated with prograde high-temperature alteration, with overprinting lower-temperature assemblages being magnetite destructive. The faults interpreted from the resistivity data is supported by changes in magnetic data (Figure 37).

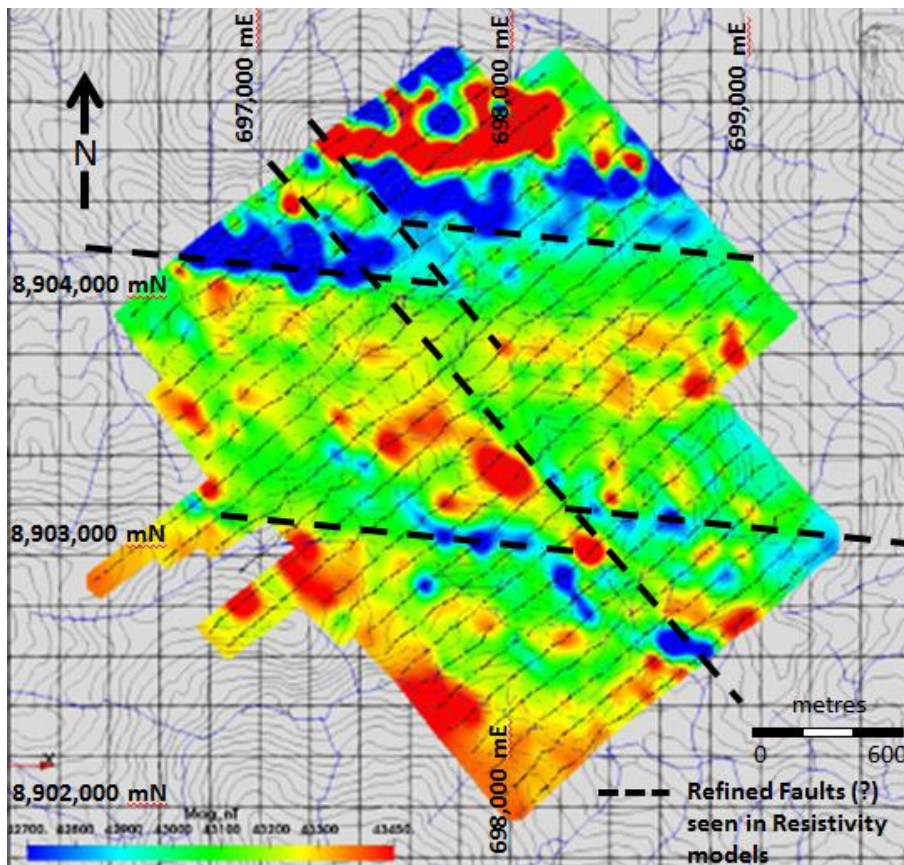


Figure 37. Ground Magnetic Survey, Omu

## ***QP Assessment and Planned Exploration by Golden Birch***

### ***Omu***

In the QP's opinion, the results from Golden Birch's work to date are encouraging and mapped alteration and soil geochemical results suggest that the Omu prospect is most likely associated with a high-level porphyry copper-gold mineralising system. Initial results from the Omu IP and ground magnetic survey is encouraging, and further interpretation and processing of the data is required to locate specific drill targets.

The Omu project is at an early stage of investigation by the Company and in the QP's opinion, the initial outcrop and soil sampling provided the encouragement to undertake an IP survey over the prospect. The combination of geochemistry and geophysics provide sufficient detail to develop worthwhile drill targets at Omu.

### ***Waki***

The Waki prospect is at an early stage of investigation by the Company and in the QP's opinion, the initial results warrant more detailed follow-up investigation to determine the nature of the mineralisation. The Company intends to focus the next phase of exploration on the Waki prospect toward establishing the geological context of the intrusions and associated copper mineralisation seen in float and outcrop sampling. A gridded soil program (100m x 100m grid) and ground magnetics over the same area will be undertaken in an attempt to define the extent of the mineralised zones.

### ***Daru***

The Daru prospect is at an early stage of investigation by the Company and in the QP's opinion the initial results warrant more detailed follow-up investigation to determine the nature of the mineralisation. The Company intends to focus the next phase of exploration at the Daru prospect toward establishing the geological context of the intrusions and associated copper mineralisation evident in the soil grid. Mapping of the prospect is continuing. The Company has proposed a ground magnetic survey the prospect to better define controlling geologic structures within the prospect.

## **Drilling**

Golden Birch has not completed any drilling on the property. Results of historic drilling are summarised above.

## **Sample Preparation, Analyses and Security**

The Company's sampling methodology and approach is dictated by both the nature of the exploration being undertaken (i.e. initial regional exploration and more detailed follow-up of identified targets and prospects) and the limitations imposed by both the topography and the thick vegetation that characterises the Keveri Property area.

The Company's prospect scale sampling typically involves a number of increasingly more detailed sampling methods. Initial sampling consists of composite grab sampling of available creek float. Early identification of outcrops in creeks and in conjunction with detailed mapping of lithologies, alteration and mineralisation are sampled as composite chip sample. Areas of interest are then further refined by a combination of ridge and spur soil sampling or in some cases (such as the Omu prospect) grid soil sampling surveys.

Golden Birch samples are bagged into individually numbered calico bags and then consolidated into batches of 5-10 samples and placed into polyweave sacks that are sealed. Samples are either transported from site by helicopter either directly to Port Moresby or to the nearest road head (Moreguipa) and then by truck to Port Moresby. In Port Moresby the samples are stored in a locked container until they are air freighted by commercial carriers to laboratories in Townsville, Australia.

The Company sends all samples for assay to ALS-Chemex's ("ALS"), a commercial laboratory in Townsville, Australia for sample preparation and analysis. Samples are analysed with a 4 acid digest and ICP-MS finish (ME-ICP61). Gold is determined by fire assay using a 50g charge (AuAA24) and atomic absorption spectrometry finish.

## Data Verification

Data verification undertaken by the QP included an independent review of open file reports submitted to the Mineral Resource Authority by previous tenement holders as well as the previous independent technical reports prepared by Goldner and Associates. The QP visited the Keveri Property from June 30<sup>th</sup> to July 3<sup>rd</sup>, 2019 for the purpose of reviewing exploration results and independently sampling outcrop from the Keveri Property. The QP has also held discussions with the Company's Director, Mr. Alan Martin, and the Company's Senior Exploration Geologists, Mr. Leo Dagdag, and project geologists Mr. Eu Atse, Mr. Yaeti Gaegae and Mr. Richard Moore during the QP's site visit to the project area. The surface sample database (rockchip and soils) was reviewed. Known outcrop locations were checked in the field with GPS and compared to the Company's database.

The QP collected four independent samples from outcrops in the Omu prospect that contained disseminated chalcopyrite. The independent samples consisted of rock chips collected by the QP. The bagged and sealed samples were transported under supervision of the QP to the TNT depot in Port Moresby. TNT provides an independent courier service. The samples were couriered to the ALS Global laboratory in Townsville, Australia.

ALS is an independent lab that has developed and implemented a quality management system ("QMS") at each of its locations designed to ensure the production of consistently reliable data. The ALS quality program includes quality control steps through sample preparation and analysis, inter-laboratory test programs, and regular internal audits and takes into consideration the requirements of ISO/IEC 17025:2017 and ISO 9001:2015. ALS maintains International Organization for Standardization registrations and accreditations, which provide independent verification that a QMS is in operation at the location in question.

Sample descriptions and copper grade are summarised in Table 10. A full list of the multi-element suite is listed in Table 11.

**Table 10. Independent Samples Descriptions**

Sample	Location	Description	Cu (ppm)
MA1	Didi Creek, Outcrop 698084 mN 8903369 mN	Diorite green-grey. Pervasive ser-chl-py-qtz alteration with MnOx-goethite oxidation. Sampled within strongly fractured zone.	181
MA2	Elvins Outcrop 697454 mE 8904050 mN	40 cm quartz vein dipping 70->240, slickensides moderately plunging SE. Hanging wall is fractured approximately 1m wide, chalcopyrite disseminations within chlorite altered micro-granodiorite.(Quartz vein not sampled)	2,370
MA3	Yang's Outcrop 696939 mE 8903484 mN	Bleached sericite altered minor weak chalcopyrite sooty chalcocite. A type veins minor gossanous textures within the outcrop.	10,035
MA4	Moly Ridge 697430 mN 8904224 mN	Micro-granodiorite haematite clays, Magnetite, Chalcopyrite and pyrite	6,230

**Table 11: Independent Samples Full Multi-element results**

Element	units	MA1	MA2	MA3	MA4
Au	ppm	<0.005	0.101	0.015	0.032
Ag	ppm	<0.5	1	4.6	2.5
Al	%	5.61	2.36	3.75	6.08
As	ppm	<5	<5	<5	<5
Ba	ppm	20	<10	<10	<10
Be	ppm	<0.5	<0.5	<0.5	<0.5
Bi	ppm	2	<2	3	4
Ca	%	4.62	0.86	1.91	0.07

Cd	ppm	<0.5	20.3	0.6	<0.5
Co	ppm	40	18	58	182
Cr	ppm	193	122	266	103
Cu	ppm	181	2370	>10000	6230
Fe	%	6.23	4.1	9.19	23.4
Ga	ppm	10	<10	10	20
K	%	0.12	0.01	0.01	0.02
La	ppm	10	<10	10	40
Mg	%	3.4	1.81	2.89	3.91
Mn	ppm	1405	962	748	1760
Mo	ppm	<1	3	6	1
Na	%	1	<0.01	0.05	<0.01
Ni	ppm	134	79	198	86
P	ppm	480	120	390	270
Pb	ppm	<2	<2	<2	<2
S	%	0.07	0.2	0.75	0.36
Sb	ppm	<5	<5	<5	5
Sc	ppm	26	9	12	25
Sr	ppm	203	43	97	5
Th	ppm	<20	<20	<20	<20
Ti	%	0.7	0.17	0.53	0.29
Tl	ppm	<10	<10	<10	<10
U	ppm	<10	<10	<10	<10
V	ppm	231	96	145	235
W	ppm	<10	<10	<10	50
Zn	ppm	114	2970	80	203

Sample MA3 was re-assayed and returned 1.035% Copper. Sample MA2 and 16801 are from the same outcrop and copper results are as expected, MA2, 2370ppm Cu compared to 16801, 4732. There was sufficient visual chalcopyrite, malachite staining and quartz filled breccia, to suggest a reasonable visual grade estimate be up to 5000 ppm.

In the QP's opinion, geological data collection and sampling is in line with industry best practice as defined in the Canadian Institute of Mining and Metallurgy and Petroleum ("CIM") – *Exploration Best Practice Guidelines* and the CIM – *Mineral Resource, Mineral Reserve Best Practice Guidelines*.

## Adjacent Properties

The Company's Keveri Property tenements, EL2391 and EL2560, are surrounded by an exploration licence held by Munga River Limited (EL2566) and to the south coastal area an exploration lease is held by Mayur Iron PNG Limited (EL2556) covering the Amazon Bay Industrial sands project.

## Interpretation and Conclusions

Prior exploration within the Keveri Property tenements (EL2391 and EL2560) was largely of a reconnaissance nature and predominantly consisted of stream sediment and pan-concentrate sampling with float and outcrop rock chip sampling. Prior lease holders were focused on nickel or PGE and Au mineralisation. Limited prior work considered copper-gold porphyry style mineralisation.

The Company has undertaken detailed geological mapping and float and outcrop sampling, identifying significant copper values (maximum rock chip sample 14% Cu). Gridded soil survey programs over the two priority prospects (Omu and Daru) have identified significant copper anomalies. The Omu anomaly covers an area of 1.5km x 0.6km and outcrop sample results return values up to 14.05% copper. The Daru soil anomaly covers 1km x 0.3km, and minimal rock chip samples or outcrop has been identified in the area to date.

At this stage, the QP concurs with the Company's assessment that the alteration and mineralisation identified in mapping at Omu, Waki and Daru may represent the higher levels of porphyry copper-gold systems.

The current exploration focus is on the three main prospects that have the potential to host Cu-Au porphyry style mineralisation:

- Omu - discovery of outcropping porphyry Cu-Au style mineralization, mapping and soil sampling indicate that there is excellent potential for a large-tonnage deposit in this area. Results from surface geochemical sampling programs have focused on Omu prospect where the tenor of soil geochemistry is significant and is signaling porphyry Cu-Au mineralization over broad widths. The Company has recently completed a 3D IP survey over Omu that shows a zone of coincident higher resistivity and higher chargeability spatially related to altered rocks mapped at surface.
- Waki – mapping east of Waki Creek has identified an alteration halo which has the characteristics of a porphyry system, field activities are planned to link Waki Creek alteration to the deep magnetic anomaly to the west via regional soil sampling and detailed field mapping.
- Daru – early stage exploration identified strongly mineralized rock chip samples that are consistent with the diorite intrusives identified at Omu Prospect.

In the QP's opinion, the Omu prospect is a high priority target warranting considerable additional investigation. The QP concurs with the Company's proposal for initial drill testing of specific targets following completion of the IP survey.

## Recommendations

In the QP's opinion, both the Omu and Araboro-Daru prospects represent high priority targets warranting additional geophysical work to facilitate definition of drill targets. Waki is an early stage prospect; results to date warrant follow-up with soil and ground magnetic surveys. In addition to these three prospects, there are several float and outcrop copper anomalies, including but not limited to those in Yokai Creek, Urua Creek, Nonia and Oiso that require further investigation.

A three-month field program for Keveri Property licences EL2391 and EL2560 should be structured towards the following:

Prospect	Work Program	Budget (CAD)
Omu	Processing and interpretation of IP survey & ground magnetic results collected in June 2019, processing of additional geological mapping and compilation of all additional rock and soil sampling data to enable definition of drill targets	\$50,000
Daru	Ground magnetic survey, plus analysis of all technical information to define drill targets.	\$15,000

Waki	Completion of detailed geologic mapping, completion of soil geochemical survey (sampling a 100 m x 100 m grid). A ground magnetic survey over the same grid or more extensive. Compilation of all technical data to enable definition of drill targets,	\$115,000
Logistical Support	Including helicopter transport, Camp Accommodation & Wages for consultants and Casual Labour, for the year allow	\$120,000
Total Budget (Approximately)		<b>\$300,000</b>

## USE OF AVAILABLE FUNDS

### Proceeds

In connection with the distribution of the Special Warrants, the Company raised an aggregate of \$851,949.90. Management of the Company believes it has sufficient resources to continue operations for the next twelve months, in the absence of additional financing.

### Total Available Funds

Golden Birch has net working capital of approximately \$1,536,787 as of January 27, 2020.

### Principal Purposes

The funds available will be used for the purposes listed below:

Item	Estimated Cost
Complete Phase I work program on Keveri Property <sup>(1)</sup>	\$300,000
Estimated general and administrative expenses for 12 months	\$504,000
Maintenance payment for Keveri Property <sup>(2)</sup>	\$275,000
Access payments for the Keveri Property <sup>(3)</sup>	\$415,000
Reserve for contingencies and funding of additional work programs on Keveri Property as recommended by the Qualified Person	\$42,787
Total	\$1,536,787

#### Notes:

- (1) See "*MATERIAL PROPERTY – Recommendations*".
- (2) See "*DESCRIPTION OF THE BUSINESS – Three Year History*".
- (3) Consisting of three payments of AUD\$150,000 due as follows: (i) upon the Listing Date; (ii) upon 12 months from the Listing Date (in respect of the Stage 1 Interest; and (iii) upon 12 months from the Listing Date (in respect of the Stage 2 Interest).

The Company expects to incur approximately \$504,000 in general and administrative costs on an annual basis to cover the expenses of operating as a public issuer over the next twelve (12) months. A breakdown of the estimated general and administrative costs for that period is as follows:

Item	Estimated Cost for Twelve Month Period
Personnel	\$350,000
Legal & Audit Fees	\$97,000
Investor Relations	\$25,000
Transfer Agent & Regulatory Fees	\$32,000
Total Estimated 12 Month General and Administrative Expenses	\$504,000

The Company intends to spend its available funds as stated in this prospectus. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary.

Over the next twelve months, payments will be made to related parties as follows:

- Alan Martin, Chief Executive Officer and Director of the Company, will receive management fees of \$175,000; and
- Iain Martin, Chief Administrative Officer, Corporate Secretary and Director of the Company, will receive a salary of \$175,000.
- Paul Rokeby, Chief Financial Officer, will bill for his services as required through MNP LLP, of which he is a partner.

Other than the fees set forth above, the Company has no plans to provide fees or salaries to any of its named directors and officers over the next twelve (12) months.

#### **Total Other Funds Available**

There are no other funds available to the Company, other than as set out above.

#### **Unallocated Funds in Trust or in Escrow**

There are no unallocated funds in trust or in escrow.

#### **Negative Operating Cash Flow**

Since inception, the Company has had negative operating cash flow and incurred losses. The Company's negative operating cash flow and losses are expected to continue for the foreseeable future. The Company cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Company will be reliant on future financings in order to meet its cash needs. There is no assurance that such future financings will be available on acceptable terms or at all. See "*Risk Factors*".

#### **Business Objectives and Milestones**

The primary business objective of the Company is to explore and, if warranted, develop, copper-gold and other mineral projects in Papua New Guinea. The Company's principal focus in 2019 and 2020 is to explore and, if warranted, develop the Keveri Property. In the near term, planned activities at the Keveri Project include the completion of three-month recommended program set forth in the Technical Report.

The Company expects to accomplish the following objectives or milestones using the total available funds:

	<b>Event</b>	<b>Time Frame</b>
1.	Complete the Listing of the Class A Shares on the CSE	February 2020
2.	Complete Phase I work program on the Keveri Property	January 2020 – June 2020
3.	Complete contingent drilling on the Keveri Property, if warranted	January 2020 – November 2020

## **DIVIDENDS**

The Company has never declared or paid dividends since its incorporation and it does not foresee paying dividends in the near future. The Company currently intends to retain any future earnings to fund the development and growth of its business and will pay dividends and/or distributions, if any, in the future as the Board see fit.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Financial information in this Prospectus, unless otherwise indicated, is presented in Canadian dollars and derived from information contained in the Company's financial statements and related notes thereto included in this Prospectus, which were prepared in accordance with IFRS.**



The following management discussion and analysis (“**MD&A**”) includes financial information from, and should be read in conjunction with, the audited and unaudited financial statements and the notes thereto included in this prospectus, as well as the disclosure contained throughout this Prospectus. This section may contain forward-looking information that involves risk, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in such forward-looking information. See “*Special Note Regarding Forward-looking Information*”.

### Selected Financial Information

The following table sets forth selected financial information with respect to the Company as at and for the period from incorporation to December 31, 2017, the year ended December 31, 2018, and the nine-month periods ended September 30, 2018 and 2019. The selected financial information has been derived from the audited and unaudited financial statements of the Company for the financial periods indicated. The following should be read in conjunction with the said financial statements and related notes thereto, which are included in this Prospectus.

	Nine months ended September 30,		Year ended December 31,	Period from Incorporation to December 31,
	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)	2017 (Audited)
Total Revenue	\$nil	\$nil	\$nil	\$nil
Net Income (Loss)	\$(2,930,707)	\$(397,976)	\$(1,002,366)	\$(44,876)
# Shares Outstanding	64,073,480	7,211,569	31,493,530	\$nil
Net Income (Loss) per Share (Basic)	\$(0.06)	\$(0.15)	\$(0.05)	\$nil
Net Income (Loss) per Share (Diluted)	\$(0.06)	\$(0.15)	\$(0.05)	\$nil
Total Assets	\$1,674,114	\$924,540	\$801,100	\$320
Total Financial Liabilities	\$612,513	\$1,129,706	\$266,426	\$45,196
Total Shareholder’s Equity	\$1,061,601	\$(205,166)	\$534,674	\$(44,876)

### Summary of Quarterly Results

The following table sets out selected quarterly information for the eight most recently completed quarters, from the date of incorporation to the most recent interim period for which financial statements are included herein.

	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018	Dec. 31, 2017
Revenue	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Loss	\$(875,832)	\$(1,411,768)	\$(643,108)	\$(714,050)	\$(167,096)	\$(113,041)	\$(8,179)	\$(44,876)
Loss per Share (Basic)	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.04)	\$(0.04)	\$(0.03)	\$nil	\$nil
Loss per Share (Diluted)	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.04)	\$(0.04)	\$(0.03)	\$nil	\$nil

## **Annual MD&A for the Years Ended December 31, 2018 and 2017**

The following MD&A is dated as of the date of this Prospectus and discloses specified information up to that date. The financial statements are prepared in accordance with IFRS.

### Overall Performance

The Keveri Property is at an early stage of exploration. As such, the Company's only source of funds is derived from the issuance of equity, plus whatever interest it may earn from cash balances and the investment of that portion of the proceeds of such equity issuances not otherwise immediately required for exploration purposes, in short-term investments and money market instruments.

During the year ended December 31, 2018, the Company earned no revenue and reported a loss of \$(1,002,366) (year ended December 31, 2017 – a loss of \$(44,876)). Losses in the periods presented mainly represent exploration and evaluation expenditures, professional fees, management compensation and other general and administrative expenses.

On August 24, 2018, the Company entered into the Keveri Option Agreement. See “*DESCRIPTION OF THE BUSINESS – Three Year History*”.

### Selected Annual Information

See “*MANAGEMENT'S DISCUSSION AND ANALYSIS – Selected Financial Information*”.

### Discussion of Operations

The Company commenced operations on October 4, 2017. As the focus of management during the period from incorporation to the date hereof was on organizing the Company, negotiating with PMPL and PML, acquiring interest in the Licences and commencing exploration on the Keveri Property, no revenues were realized. During this period, the Company completed various private placement financings and issued common shares to the founders of the Company. A total of 64,073,480 common shares were issued for net proceeds of \$4,688,550. The net proceeds of the private placement financings were used by the Company to finance the operations of the Company, including the costs associated with acquiring an interest in the Claims and for general corporate purposes.

Pursuant to an option and joint venture agreement with PMPL and its wholly owned subsidiary PML dated August 24, 2018, the Company acquired options to acquire 85% of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the Licences which encompass the Keveri Property in Papua New Guinea. The option is exercisable in two stages over a total period of six (6) years from the Listing Date.

The Project is subject to a 2.0% net smelter royalty (“**NSR Royalty**”) in the Keveri Property, half (1/2) of which the Company has the right to purchase (1.0%) at any time for AUD\$1,500,000.

The government of Papua New Guinea holds the right to acquire up to a 30% interest in the Licences at any time prior to the commencement of mining by paying to the Company the pro rata amount of accumulated exploration expenditures incurred. The government would then further contribute to the development on a pro rata basis unless otherwise agreed.

See “*DESCRIPTION OF THE BUSINESS – Three Year History*”.

### Summary of Quarterly Results

See “*MANAGEMENT'S DISCUSSION AND ANALYSIS – Summary of Quarterly Results*”.

### Liquidity and Capital Resources

The Company is an exploration-stage company and does not generate revenues. As such, it finances all of its operations and the exploration of its mineral properties entirely through the issuance of share capital. Although Golden Birch has to date been successful in its attempts to raise capital, there can be no assurance that its future efforts will likewise be successful. The mineral exploration business is high risk and the vast majority of exploration projects will

not result in producing mines. The success of future financings will depend on a variety of factors including geological success – i.e. obtaining superior results from exploration; a positive investment climate encompassing strong metal prices, solid stock market conditions, and a “risk-on” appetite among investors; and the Company’s track record and the ability and experience of management. If such financing is unavailable, Golden Birch may be unable to retain its mineral interests and execute its business plans.

As at December 31, 2018, the Company had net working capital of \$534,674 compared to \$(44,876) at December 31, 2017.

Notwithstanding considerable uncertainty in the global economic outlook, management has been encouraged by market interest in the Company’s properties and its proposed exploration plans. Markets appear receptive and management views the outlook for 2019 and 2020 as promising. Accordingly, subject to CSE and regulatory approvals, the Company has made an application for listing on the CSE. See “*RISK FACTORS*”.

#### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

#### Transactions with Related Parties

*Years Ended December 31, 2018 and December 31, 2017*

Golden Birch entered into the following transactions with related parties during the periods ended December 31, 2018 and 2017:

<b>With Directors of the Company:</b>	<b>2019</b> \$	<b>2018</b> \$
Management fees paid to the Company’s CEO	315,000	145,640
Management fees paid to the Company’s CAO	182,306	73,563
Share-based Payments made to the Company’s CEO	55,626	nil
Share-based Payments made to the Company’s CAO	106,060	nil
Share-based Payments made to David Drinkwater, a director of the Company	16,688	nil
Exploration and evaluation expenses paid to the Company’s CEO	72,000	nil
<b>TOTAL</b>	<b>582,680</b>	<b>219,203</b>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

#### Third Quarter

The net loss of the Company for the three months ended September 30, 2019 was \$875,832 as compared to the net loss for the three months ended September 30, 2018 of \$276,756. The increase in the loss during the three months ended September 30, 2019 is attributable to the commencement of the Company’s operations and payments made to maintain the Keveri Option Agreement in good standing.

#### Proposed Transactions

As at the date of this Prospectus, there are no proposed transactions currently contemplated by the Company. See “*Special Note Regarding Forward-Looking Information*”.

### Changes in Accounting Policies

During 2018, the Company adopted certain new IFRS standards, amendments and interpretations to existing standards. There was no impact to the financial statements as a result of the adoption of these new standards.

IFRIC 23 – *Uncertainty Over Income Tax Treatments* (“**IFRIC 23**”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.

IAS 1 – *Presentation of Financial Statements* (“**IAS 1**”) and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (“**IAS 8**”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – *Business Combinations* (“**IFRS 3**”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

### Financial Instruments

The Company’s financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise stated.

### Quarterly Highlights

The Company’s MD&A provides an analysis of the Company’s financial results for the period from January 1, 2019 to September 30, 2019 and should be read in conjunction with the financial statements of the Company for such period, and the notes thereto. The Company’s MD&A is attached to this Prospectus as Schedule “B”.

Certain information included in the Company’s MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See “*Cautionary Statement Regarding Forward-Looking Statements*” for further detail.

### Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of Class A Shares, of which 31,493,530 Class A Shares were issued and outstanding as fully paid and non-assessable as at December 31, 2018 and 64,543,480 Class A Shares are issued and outstanding as fully paid and non-assessable as of the date hereof. As of the date hereof, 5,679,666 Class A Shares of the Company are reserved for issuance upon the deemed exercise of 5,679,666 issued and outstanding Special Warrants of the Company. See “*CONSOLIDATED CAPITALIZATION*”. Nil Warrants were

outstanding as at December 31, 2018 and nil Warrants are outstanding as of the date hereof. See “*OPTIONS TO PURCHASE SECURITIES*”.

Additional Disclosure for Venture Issuers without Significant Revenue

The following table sets out a breakdown of all material components of certain costs to the Company for the period from January 1, 2019 to September 30, 2019.

*Mineral Properties – Exploration and Evaluation*

The following tables set out the total deferred exploration costs recorded by the Company for the Keveri Property as at the nine months ended September 30, 2019:

<b>Keveri Property</b>	<b>Nine months ended September 30, 2019 (\$)</b>
Accommodations	47,630
Accounting services	22,341
Administration	5,840
Assays	54,627
Communications	19,443
Field supplies	70,846
Geologists	215,598
Geophysics services	18,044
Helicopter chartering	361,477
In-country logistics	125,798
Option payments	279,115
Other	39,121
Sampling	33,325
Site meal services	40,658
Technical report	326,498
Travel	52,622
Wages	284,464
<b>TOTAL</b>	<b>1,997,447</b>

*General and Administrative Expenses*

The following tables set out the general and administrative expenses of the Company for the nine-month period ended September 30, 2019:

	<b>For the nine months ended September 30, 2019 (Unaudited) (\$)</b>	<b>For the year ended December 31, 2018 (Audited) (\$)</b>
Professional fees	226,683	50,465
Consulting fees	7,805	15,300
Management fees	332,306	327,658

Office expenses	26,439	4,104
Regulatory fees	Nil	Nil
Foreign exchange loss	24,166	Nil
General exploration	5,000	10,039
Insurance	5,584	Nil
Investor relations	18,833	1,062
Travel	47,947	14,797
Amortization	4,497	Nil
Transfer agent	Nil	Nil
Share based payment	234,000	117,000
Total	(933,260)	(540,425)

#### Additional Disclosure for Junior Issuers

As set out in the section titled “*USE OF AVAILABLE FUNDS*”, the Company anticipates having general net working capital of \$612,875 following completion of the recommended Phase I, payments for maintenance of the Keveri Property and after meeting the budgeted administrative costs for the next 12 months of \$504,000. Other than as disclosed in this Prospectus, the Company does not anticipate incurring any other material capital expenditures.

Assuming that the Company has expended its exploration expenses in accordance with the recommendations of the Qualified Person, on the Keveri Property, the Company will have achieved one of its material stated business objectives which is to determine whether the Keveri Property contains mineralized deposits and whether the results warrant the Company carrying out further work on the Keveri Property.

If the results on the Keveri Property do not warrant the Company incurring further exploration expenditures, then the Company anticipates that it would have sufficient funds to meet its budgeted administrative costs for the next calendar year. However, if a further work program is recommended on the Keveri Property, the Company may be required to raise additional funding to carry out additional exploration programs on its Keveri Property. In addition, should the opportunity to acquire other mineral exploration properties be presented to the Company, whether located in Papua New Guinea or elsewhere, then the Company would have to determine the appropriate method of acquiring those properties. In the event that Class A Shares could not be used to acquire the said properties, then the Company may have to look to raise further capital. See “*RISK FACTORS*”.

## DESCRIPTION OF SECURITIES

#### **Disclosure of Outstanding Security Data**

The Company has one class of shares outstanding, being the Class A Shares. The authorized capital of the Company consists of: (i) an unlimited number of voting and participating Class A Shares without par value; and (ii) an unlimited number of non-voting and non-participating Class B shares (“**Class B Non-Voting Shares**”) without par value, redeemable for the amount paid for such shares. All Class A Shares of the Company rank equally as to dividends, voting powers and participation in assets. The holders of Class B Non-Voting Shares are entitled to a dividend as fixed by the Board and are entitled, upon the dissolution or liquidation of the Company, to repayment of the amount paid for such shares (plus any declared and unpaid dividends) in priority to the Class A Shares, but do not confer a right to any further participation in profits or assets.

As of the date of this Prospectus, 64,543,480 Class A Shares were issued and outstanding and 5,679,666 Class A Shares of the Company are reserved for issuance upon the deemed exercise of 5,679,666 issued and outstanding Special Warrants of the Company. As of the date of this Prospectus, nil Class B Non-Voting Shares were issued and outstanding.

## Class A Shares

The holders of the Class A Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Class A Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Class A Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Class A Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Class A Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Listing of the Class A Shares is subject to the Company fulfilling all of the Listing requirements of the Exchange.

## Special Warrants

The Company has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,

- a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,
- b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and
- c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

## CONSOLIDATED CAPITALIZATION

The following table summarizes the changes in the Company's capitalization since December 31, 2018 and as of the date of this Prospectus.

The Company currently has 64,543,480 Class A Shares and 5,679,666 Special Warrants outstanding. The Company adopted a 10% rolling stock option plan on October 9, 2019, under which the Company is able to grant up to 6,454,348 incentive stock options. The Company has granted 6,154,995 options as of the date of this Prospectus. There are no other securities convertible into Class A Shares outstanding.

Description	As at January 19, 2020	As at December 31, 2018
Class A Shares	64,543,480	31,493,530
Special Warrants	5,679,666	nil
Stock Options <sup>(1)</sup>	6,154,995	3,000,000

Note:

- (1) The Company has adopted a 10% rolling stock option plan, under which it is currently able to issue up to 6,454,348 incentive stock options.

## OPTIONS TO PURCHASE SECURITIES

### Options

The Board adopted a stock option plan on October 9, 2019 (the "**Stock Option Plan**"). The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, officers, employees, management



corporation employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Class A Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's Class A Shares issued and outstanding at the time such options are granted.

The Stock Option Plan will be administered by the Board, which will have full and final authority with respect to the granting of all Options thereunder. The continuation of the Stock Option Plan requires annual shareholder approval by ordinary resolution at each annual meeting of the Company.

#### Eligible Optionees

To be eligible to receive a grant of Options under the Stock Option Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a corporation providing management or other services to the Company or a subsidiary at the time the Option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an Option grant. If the Option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the Option remains in effect.

#### Restrictions

The Stock Option Plan is a 10% rolling plan and the total number of Class A Shares issuable upon exercise of Options under the Stock Option Plan cannot exceed 10% of the Company's issued and outstanding Class A Shares on the date on which an Option is granted, less Class A Shares reserved for issuance on exercise of Options then outstanding under the Stock Option Plan. The Stock Option Plan is also subject to the following restrictions:

- (a) The Company must not grant an Option to a director, employee, consultant, or consultant Company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding Class A Shares of the Company, unless the Company has obtained approval by a majority of the votes cast by all shareholders of the Company at the shareholders' meeting excluding votes attached to Class A Shares beneficially owned by Insiders of the Company and their Associates ("**Disinterested Shareholder Approval**").
- (b) The aggregate number of Options granted to a service provider conducting investor relations activities in any 12-month period must not exceed 1% of the outstanding Class A Shares calculated at the date of the grant, without prior regulatory approval.
- (c) The Company must not grant an Option to a consultant in any 12-month period that exceeds 1% of the outstanding Class A Shares calculated at the date of the grant of the Option.
- (d) The aggregate number of Class A Shares reserved for issuance under Options granted to Insiders must not exceed 10% of the outstanding Class A Shares (if the Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Class A Shares) unless the Company has obtained Disinterested Shareholder Approval to do so.
- (e) The number of Class A Shares issued to Insiders upon exercise of Options in any 12-month period must not exceed 10% of the outstanding Class A Shares (if the Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Class A Shares) unless the Company has obtained Disinterested Shareholder Approval to do so.
- (f) The issuance to any one Optionee within a 12-month period of a number of Class A Shares must not exceed 5% of outstanding Class A Shares unless the Company has obtained Disinterested Shareholder Approval to do so.
- (g) The exercise price of an Option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so.

- (h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

#### Material Terms of the Stock Option Plan

The following is a summary of the material terms of the Stock Option Plan:

- (a) persons who are bona fide employees, officers or directors of the Company or its Affiliates, or who are providing services to the Company or its Affiliates, are eligible to receive grants of Options under the Stock Option Plan;
- (b) all Options granted under the Stock Option Plan expire on a date not later than ten (10) years after the issuance of such Options;
- (c) an Option granted to any Service Provider will expire within 90 days after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or engaged with (as a director or otherwise) the Company;
- (d) if an Optionee dies, any vested Option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of eighteen (18) months after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (e) in the case of an Optionee being dismissed from employment or service for cause, the Optionee shall have ninety (90) days from the date of such termination to exercise only that portion of the Options such Optionee is otherwise entitled to exercise at that time and thereafter such Options shall expire and all rights to purchase shares hereunder shall cease and expire and be of no further force or effect;
- (f) the exercise price of each Option will be set by the Board on the effective date of the Option and will not be less than the Market Price (as defined in the Stock Option Plan);
- (g) vesting of Options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its Affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its Affiliates during the vesting period; or (ii) the Service Provider remaining as a director of the Company or its Affiliates during the vesting period; and
- (h) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Stock Option Plan with respect to all Class A Shares reserved under the Stock Option Plan in respect of Options which have not yet been granted.

Under the Stock Option Plan, the Board may do the following, without obtaining shareholder approval:

- (a) amend the Stock Option Plan to correct typographical, grammatical or clerical errors;
- (b) change the vesting provisions of an Option granted under the Stock Option Plan, if applicable;
- (c) change the termination provision of an Option granted under the Stock Option Plan if it does not entail an extension beyond the original expiry date of such Option;
- (d) make such amendments to the Stock Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (e) make such amendments as may otherwise be permitted by regulatory authorities;

- (f) if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (g) amend the Stock Option Plan to reduce the benefits that may be granted to Service Providers.

### Options Granted

As of the date hereof, the Company has granted 6,154,995 Options under the Stock Option Plan.

Pursuant to a resolution of the Board dated October 21, 2019, as amended October 28, 2019, the Company resolved to grant an additional 714,965 Options contingent on the exercise of the Special Warrants, or the issuance of Class A Shares in such quantity, so as not to exceed the limitation of the number of Options that may be granted under the Stock Option Plan. Such Options to be granted to directors, officers and insiders of the Company will be entered into escrow upon grant, pursuant to the Escrow Agreement, among the Company, the Escrow Agent, and the directors, officers and insiders of the Company.

The following table sets forth the Options issued as of the date of this Prospectus, along with the material terms of the grants:

Holder of Options	Number of Holders	Date of Grant	Expiration Date	Quantity	Exercise Price
Executive Officers	2	October 4, 2018	October 4, 2022	2,700,000	\$0.10
Consultants	1	October 4, 2018	October 4, 2022	300,000	\$0.10
Executive Officers	2	June 30, 2019	June 30, 2023	2,179,955	\$0.25
Directors (other than those who are also executive officers)	1	June 30, 2019	June 30, 2023	225,000	\$0.25
Consultants	1	June 30, 2019	June 30, 2023	750,000	\$0.25
Directors (other than those who are also executive officers)	3	TBD <sup>(1)</sup>	TBD <sup>(1)</sup>	394,965	\$0.15
Consultants	9	TBD <sup>(1)</sup>	TBD <sup>(1)</sup>	320,000	\$0.15

Notes:

- (1) Options to be granted following the Listing, contingent on the exercise of the Special Warrants, or the issuance of Class A Shares in such quantity, so as not to exceed the limitation of the number of Options that may be granted under the Stock Option Plan.

### **Warrants**

As of the date of this Prospectus, the Company has 5,679,666 Special Warrants outstanding. Each Special Warrant is exercisable into one Common Share for no further consideration at any time at the option of the Special Warrant holder and will be deemed to be exercised (without any further action on the part of the Special Warrant holders) at 5:00 p.m. (Toronto time) on the earlier of the date of a Liquidity Event or October 21, 2021.

## **PRIOR SALES**

The following table contains details of the prior sales of Shares during the last twelve (12) months from the date of this Prospectus:

Date	Quantity	Class of Securities	Consideration	Price	Gross Proceeds/ Total Value
March 27, 2018	2,500,000	Class A Shares	Extinguishment of Accounts Payable	\$0.01	\$25,000
April 4, 2018	833,333	Class A Shares	Cash	\$0.03	\$25,000

Date	Quantity	Class of Securities	Consideration	Price	Gross Proceeds/ Total Value
August 14, 2018	2,078,236	Class A Shares	Extinguishment of Accounts Payable	\$0.051	\$105,990
September 25, 2018	800,000	Class A Shares	Cash	\$0.051	\$40,800
September 27, 2018	1,000,000	Class A Shares	Cash	\$0.051	\$51,000
October 25, 2018	23,981,961	Class A Shares	Cash	\$0.051	\$1,223,080
November 30, 2018	300,000	Class A Shares	Cash	\$0.051	\$15,300
April 24, 2019	4,535,000	Class A Shares	Cash	\$0.10	\$453,500
May 23, 2019	9,070,000	Class A Shares	Cash	\$0.10	\$907,000
June 30, 2019	14,955,000	Class A Shares	Cash	\$0.10	\$1,498,500
June 30, 2019	3,989,950	Class A Shares	Extinguishment of accounts payable	\$0.10	\$348,995
June 17, 2019	30,000	Class A Shares	Cash	\$0.10	\$50,000
October 21, 2019	470,000	Class A Shares	Shares for services	\$0.10	\$470,000
October 21, 2019	5,679,666	Special Warrants	Cash	\$0.15	\$851,950

### Trading Price and Volume

The Class A Shares are not traded or quoted on a market place and there is currently no public market for the Class A Shares. See “*RISK FACTORS*”.

## PLAN OF DISTRIBUTION

This Prospectus is being filed to qualify the distribution of the Class A Shares issuable upon the automatic exercise of the Special Warrants issued in connection with the Offering. The Offering was completed on October 21, 2019, pursuant to which the Company issued an aggregate of 5,679,666 Special Warrants on a private placement basis in accordance with subscription agreements entered into with subscribers. The Special Warrants were sold to subscribers at a price of \$0.15 per Special Warrant for aggregate gross proceeds of \$851,949.90.

The Special Warrants are evidenced by certificates dated as of the date of issue (the “**Special Warrant Certificates**”) and each Special Warrant is exercisable into one (1) Class A Share for no further consideration at any time at the option of the Special Warrant holder and will be deemed to be exercised (without any further action on the part of the Special Warrant holders) at 5:00 p.m. (Toronto time) on the earlier of the date of a Liquidity Event or October 21, 2021. A Liquidity Event means: (a) an initial public offering of Class A Shares which are listed on a stock exchange, securities market or quotation system in North America; or (b) a merger, amalgamation, plan of arrangement, take-over bid, reverse take-over, sale of all or substantially all of the assets of the Company’s or similar transaction involving the Company’s or its shareholders, in each case resulting in the holders of at least two-thirds of the Class A Shares (i) approving the transaction by written resolution or resolution approved at a meeting of security holders, (ii) tendering their securities of the Company to such a transaction, or (iii) or being entitled to receive shares of the surviving corporate entity or purchaser that are listed on a stock exchange, securities market or quotation system in North America.

The Special Warrants were purchased by subscribers pursuant to certain exemptions from the prospectus requirements of applicable securities legislation in compliance with laws applicable to each subscriber. There is no market through which the Special Warrants may be sold and none is expected to develop. Unless and until the qualification of the Prospectus occurs, the Class A Shares issuable upon the exercise of the Special Warrants issued in connection with the Offering will be subject to the relevant hold periods under applicable securities legislation.

The Offering was a “non-brokered” private placement. No finders, referral agents and other intermediaries participated, directly or indirectly, in the Offering, and accordingly, no finder’s fees, commissions, or any compensation were paid to any such individuals

Mr. Alan Martin, President, Chief Executive Officer and director of the Company, purchased 100,000 Special Warrants under the Offering and Mr. Iain Martin, Chief Administrative Officer, Secretary and director of the Company, purchased 158,000 Special Warrants under the Offering.

There is no market through which these securities may be sold and purchasers may not be able to resell securities qualified under this Prospectus. The Company has made an application for listing on the CSE. The CSE has conditionally approved the listing of the Class A Shares. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including meeting all minimum listing requirements. See “*RISK FACTORS*”.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities referenced herein within the U.S. or to, or for the account or benefit of, U.S. Persons. None of the Special Warrants have been or will be registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Special Warrants may not be exercised by or on behalf of a U.S. Person or a person in the U.S. unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Qualifying Securities will bear appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

## ESCROWED SECURITIES

### Escrow under CSE Policies

In accordance with the CSE Policies and NP 46-201, all Class A Shares held by a Related Person (as that term is defined in CSE Policy 1 – *Interpretation and General Provisions*) as of the Listing Date are subject to escrow restrictions. Under the CSE Policies, the Related Persons of the Company are its directors and officers, the Company's promoter, and any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total Class A Shares.

The CSE Policies require that the Escrow Securities be governed by the form of escrow prescribed by NP 46-201.

Pursuant to the Escrow Agreement, among the Company, the Escrow Agent, and the directors, officers and insiders of the Company, the Escrow Securities will be released in accordance with the following release schedule:

Escrow Release Date	Amount of Released Securities
On the Listing Date	1/10 of the Escrow Securities
6 months after the Listing Date	1/6 of the remaining Escrow Securities
12 months after the Listing Date	1/5 of the remaining Escrow Securities
18 months after the Listing Date	1/4 of the remaining Escrow Securities
24 months after the Listing Date	1/3 of the remaining Escrow Securities
30 months after the Listing Date	1/2 of the remaining Escrow Securities
36 months after the Listing Date	the remaining Escrow Securities

Assuming there are no changes to the Escrow Securities initially deposited and no additional Escrow Securities are deposited, this will result in a 10% release on the Listing Date, with the remaining Escrow Securities being released in 15% tranches every 6 months thereafter.

All the Escrow Securities are subject to the direction and determination of the CSE. Specifically, the Escrow Securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the CSE.

The following table sets forth particulars of the Escrow Securities that will be subject to escrow under the Escrow Agreement as of the date of this Prospectus.

Name and Municipality of Residence	Number of Class A Shares Held in Escrow	Number of Special Warrants Held in Escrow	Number of Options Held in Escrow	Percentage of Outstanding Class A Shares held in Escrow <sup>(1)</sup>
Alan Martin <i>Northbridge, NSW, Australia</i>	8,637,451 <sup>(2)</sup>	100,000 <sup>(2)</sup>	2,775,000	15.07%
Iain Martin <i>Timmins, ON, Canada</i>	4,234,068	158,000	2,104,995	8.51%
David Drinkwater <i>Toronto, ON, Canada</i>	400,000 <sup>(3)</sup>	nil	225,000	0.82%
Andrew Morris <i>Hamilton, QLD, Australia</i>	nil <sup>(4)</sup>	nil	nil	nil
David Lindley <i>Marchmont, NSW, Australia</i>	nil <sup>(4)</sup>	nil	nil	nil
Paul Rokeby <i>Timmins, ON, Canada</i>	nil	nil	nil	nil
Total	13,271,519	258,000	5,104,995	24.40%

Notes:

- (1) On a fully-diluted basis.
- (2) 333,333 Class A Shares are held by Empire Exploration Pty Ltd., of which Mr. Martin is director, 500,000 Class A Shares are held in Vanmar Family Trust, of which Mr. Martin is director and a member, and 1,800,000 Class A Shares and 100,000 Special Warrants are held by Vanderspuy Superannuation Fund, of which Mr. Martin is director and beneficial member.
- (3) 200,000 Class A Shares are held by Mr. Drinkwater's wife, Adele Malo.
- (4) Pursuant to the Keveri Option Agreement, concurrently with the listing of the Company's Class A Shares on the CSE, the Company shall issue to PMPL Class A Shares having a value of AUD\$600,000 at a price of \$0.15 per Class A Share. Messrs. Morris and Lindley are directors of PMPL and control an aggregate of approximately 73.7% of the issued and outstanding ordinary shares of PMPL. Consequently, such Class A Shares shall be deposited into escrow with the Escrow Agent pursuant to the Escrow Agreement. The Company, PMPL and Messrs. Morris and Lindley have provided the Ontario Securities Commission with an undertaking that they will: (a) cause the Class A Shares that are issued to PMPL to be deposited into escrow with the Escrow Agent pursuant to the Escrow Agreement, (b) at the time of the acquisition of such Class A Shares, cause PMPL, and Messrs. Morris and Lindley to become parties to the Escrow Agreement by executing an amendment thereto, and (c) file an executed copy of the amendment promptly on SEDAR promptly and in any event no later than seven days after execution of the amendment.

Under NP 46-201, a "principal" is: (a) a person who has acted as a promoter of the Company within two years of the date of this prospectus; (b) a director or senior officer of the Company at the time of this prospectus; (c) a person that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's initial public offering; and (d) a person that: (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's initial public offering; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company. A principal's spouse and their relatives that live at the same address as the principal will be deemed principals and any securities of the Company held by such a person will be subject to the escrow requirements.

The automatic time release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each principal's escrowed securities are released on the listing date, with an additional 25% being released in equal tranches at six-month intervals over 18 months.

If, within 18 months of the listing date, the Company meets the "established issuer" criteria, as set out in NP 46-201, the Escrow Securities will be eligible for accelerated release according to the criteria for established issuers. In such a scenario that number of Escrow Securities that would have been eligible for release from escrow if the Company had been an "established issuer" on the listing date will be immediately released from escrow. The remaining Escrow Securities would be released in accordance with the time release provisions for established issuers, with all escrow securities being released 18 months from the listing date.

Under the terms of the Escrow Agreement, Escrow Securities cannot be transferred by the holder unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrow Securities may (a) pledge, mortgage or charge the Escrow Securities to a financial institution as collateral for a loan provided that no Escrow Securities will be delivered by the escrow agent to the financial institution; (b) exercise any voting rights attached to the Escrow Securities; (c) receive dividends or other distributions on the Escrow Securities; and (d) exercise any rights to exchange or convert the Escrow Securities in accordance with the Escrow Agreement.

The Escrow Securities may be transferred within escrow to: (a) subject to approval of the Board, an individual who is an existing or newly appointed director or senior officer of the Company or of a material operating subsidiary of the Company; (b) subject to the approval of the Board, a person that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities; (c) subject to the approval of the Board, a person that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or any of its material operating subsidiaries; (d) upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities; (e) upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative; (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and (g) a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF") or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holders spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

In addition, tenders of Escrow Securities pursuant to a business combination, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrow Securities subject to a business combination will continue to be escrowed if the successor entity is not an "exempt issuer", the holder is a principal of the successor entity; and the holder holds more than 1% of the voting rights of the successor entities' outstanding securities.

Under the terms of the Escrow Agreement, 10% of each escrowed shareholder's shares (a total of 1,327,151 Class A Shares, 25,800 Special Warrants and 510,499 Options) will be released from escrow on the Listing Date. The remaining 11,944,368 Class A Shares, 232,200 Special Warrants and 4,594,496 Options will be held in escrow immediately following the Listing Date.

## PRINCIPAL SHAREHOLDERS

The following table sets forth the only persons, as at the date of this Prospectus, who own of record or, to the knowledge of the directors and officers of the Company, beneficially own or exercise control or direction over, directly or indirectly, more than 10% of any class of securities of the Company as of the date hereof:

Name of Shareholder	Type of Ownership	Number of Class A Shares Beneficially Owned or Controlled	Percentage of Outstanding Class A Shares held in Escrow <sup>(1)</sup>
Alan Martin	Direct in part; control in part <sup>(1)</sup>	11,512,451 <sup>(2)</sup>	17.08% <sup>(1)</sup>

Notes:

- (1) On a partially-diluted basis, assuming conversion of all Options and Special Warrants into Class A Shares, beneficially owned or controlled, directly or indirectly, by Mr. Martin.
- (2) 333,333 Class A Shares are held by Empire Exploration Pty Ltd., of which Mr. Martin is director, 500,000 Class A Shares are held in Vanmar Family Trust, of which Mr. Martin is director and a member, and 1,800,000 Class A Shares and 100,000 Special Warrants are held by Vanderspuy Superannuation Fund, of which Mr. Martin is director and beneficial member. In addition, Mr. Martin holds 2,775,000 Options. See "OPTIONS TO PURCHASE SECURITIES" and "ESCROWED SECURITIES – Escrow under CSE Policies".

## DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name and municipality of residence of each director and executive officer of the Company, as well as such individual's age, position with the Company, principal occupation within the five preceding years and period of service. Each of the directors of the Company will hold office until the close of the next annual



meeting of shareholders and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

Name and Municipality of Residence	Age	Position with Company	Principal Occupation for Five Preceding Years	Director/ Officer of the Company Since	Number of Class A Shares Held (%) <sup>(1)</sup>
Alan Martin <i>Northbridge, NSW, Australia</i>	58	President, Chief Executive Officer, and Director	Director and President of Golden Birch (2017 to present); CEO and Managing Officer of Sol Gold (LSE & TSX:SOLG) (May 2013-May 2015)	October 4, 2017	8,637,451 (13.38%)
Iain Martin <sup>(3)</sup> <i>Timmins, ON, Canada</i>	60	Chief Administrative Officer, Corporate Secretary and Director	Director and Secretary of Golden Birch (2017 to present); President and Director of 5SD Capital (2016-2018); Investment Advisor RBC Wealth Management (1998-2016)	October 4, 2017	4,234,068 (6.56%)
Paul Rokeby <i>Timmins, ON, Canada</i>	60	Chief Financial Officer	Partner – MNP LLP (May 2016 to present) Partner – FJL CPAs (October 1988 to present)	December 17, 2018	nil
Andrew Morris <sup>(3)</sup> <i>Hamilton, QLD, Australia</i>	41	Director	Senior Advisor to Australian Trade & Investment Commission (2017 to present); Director of Papuan Minerals Pty Ltd (2012 to present); Regional CEO of Applus + Group (Brisbane) (2014-2016)	July 30, 2019	nil
Dr. David Lindley <i>Marchmont, NSW, Australia</i>	65	Director	Director of Papuan Minerals Pty Ltd, Consulting Geologist for Mayur Resources Ltd, Papuan Mineral Ltd and Woodlark Mining Ltd (July 2015 to present), ; B17F Flying Fortress <i>San Antonio Rose</i> - Walker Research Group member (2005-present)	July 30, 2019	nil
David Drinkwater <sup>(2)(3)</sup> <i>Toronto, ON, Canada</i>	71	Chairman	Board of Directors of TransAlta Renewables Inc. (TSE:RNW) (2013-present); Senior Advisor to Rothschild Canada (July 2013-December 2015)	July 30, 2019	400,000 (0.62%)

**Notes:**

(1) Based on 64,543,480 Class A Shares issued and outstanding as at the date hereof.

(2) Chair of the Audit Committee.

(3) Member of the Audit Committee.

As of the date of this Prospectus, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, 13,271,519 Class A Shares representing approximately 20.56% of the issued and outstanding Class A Shares on a non-diluted basis (and 18,634,514 Class A Shares representing approximately 24.40% of the issued and outstanding Class A Shares on a fully diluted basis).

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No individual set forth in the above table is, as at the date of this Prospectus, or has been, within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

No individual set forth in the above table (or any personal holding company of any such individual) is, as of the date of this Prospectus, or has been within ten (10) years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while such individual was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No individual as set forth in the above table (or any personal holding company of any such individual) has, within the ten (10) years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

No individual set forth in the above table (or any personal holding company of any such individual) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

Certain of the officers and directors of the Company also serve as directors and/or officers of other companies involved in the mineral exploration and development business and consequently there exists the possibility for such officers or directors to be in a position of conflict. Any decision made by any of such officers or directors involving the Company will be made in accordance with their duties and obligations under the laws of Ontario and Canada.

### **Management**

Set forth below is a description of the background of the officers and directors of the Company, including a description of each individual's principal occupation(s) within the past five years. Each member of management will devote the time necessary to perform the work required in connection with the management of the Company, upon listing.

#### ***Alan Martin, President, Chief Executive Officer and Director – Age 58***

Mr. Alan Martin is a founder of Golden Birch Resources Inc. and has been serving as Director and President of the Company since its inception on October 4, 2017. Prior thereto, Mr. Martin was CEO and Managing Officer of Sol Gold PLC, an Australian mining exploration company listed on the London Stock Exchange and Toronto Stock Exchange. Mr. Martin has served a variety of leadership, technical, strategy, marketing and business development roles. He has eighteen years of experience as a mining analyst/portfolio manager at Colonial First State Investment Management (2008-2013), Insurance Australia Group (1996-2008) and Westpac Banking Corp. (1992-1996). He also worked as an exploration geologist for Delta Gold N.L. from 1985 to 1992. Mr. Martin holds a diploma in Applied Finance and Investment Analysis from Securities Institute of Australia and he holds an Honor Bachelor's degree in Geology from Lakehead University.

#### ***Iain Martin, Chief Administrative Officer, Secretary and Director – Age 60***

Mr. Iain Martin is a founder of Golden Birch Resources Inc. and has been serving as Director and Secretary of the Company since its inception on October 4, 2017. From 2016 to 2018, Mr. Martin was Director and President of

2522962 Ontario Inc. (“**5SD Capital**”), a private Ontario mining exploration company. Pelangio Exploration Inc. (TSX-V:PX) acquired 5SD Capital in December 2018. Prior thereto, Mr. Martin worked 28 years in the financial investment industry as Investment Advisor with RBC Wealth Management and as Portfolio Manager with Royal Trustco (Investment and Estate Department). Mr. Martin holds a Master’s and Bachelor’s Degree in Mining Engineering from Queen’s University.

***Paul Rokeby, Chief Financial Officer – Age 60***

Mr. Rokeby is a partner of MNP LLP. Mr. Rokeby has been involved in the junior mining business for a number of years, having been the auditor then the controller of Pelangio Mines Inc. during its acquisition of the Detour Lake Project from Placer Dome Canada in 1998, and is currently the Chief Financial Officer of Pelangio Exploration Inc. He is a member of CPA Ontario (1984) and CPA Canada and a graduate of the University of Waterloo (1983) with a Bachelor of Mathematics.

***Andrew Morris, Director – Age 41***

Mr. Morris is a Senior Advisor to the Australian Trade & Investment Commission, and is based in Brisbane, Australia. As a Senior Advisor, Mr. Morris assists foreign and domestic companies with trade and investment opportunities across Australia’s resources and energy sectors. Mr. Morris also serves on the Board of Directors of Papuan Minerals Pty Ltd., a private mining exploration company based in Brisbane, Australia. In the past, Mr. Morris served as Regional CEO of Applus Velosi (Oceania Region), a Spanish listed multinational professional and technical services company. His responsibilities included oversight of finance and administrative functions, strategic advice on critical developments and emerging risks and opportunities within the international resources sectors, and collaborating with senior executive management to develop and implement corporate, financial and operational strategies across all regional operations. Mr. Morris holds bachelor degrees from the Australian National University in Economics, Commerce and Law (honours), and a Master degree in Strategic Studies. Mr. Morris has also completed an MBA at the University of Queensland.

***Dr. David Lindley, Director – Age 65***

Dr. Lindley is a geologist with over 41 years of experience. Since 1978, Dr. Lindley has worked on and assessed resources opportunities in Papua New Guinea. Mr. Lindley has a long-established network at all levels in the Papua New Guinea exploration industry and a wealth of experience in small-medium sized resource project feasibility and permitting in Papua New Guinea. He was conferred Ph.D. in geology by the University of New South Wales in 1982. Dr. Lindley’s geological work in the Keveri-Mt Suckling project spans a 31 year period since 1988 for various companies (Annapurna, Highlands Gold, Papuan Precious Metals, Suckling Minerals) and in his own right, self-funding work. Papuan Precious Metals was founded by Dr. Lindley to primarily progress the area. In a unique gesture, B’au landowners have recently “given” Dr. Lindley a small parcel of customary land in the Ada’u River Valley in recognition of his persistence in working towards bringing development to the area. Presently, Dr. Lindley is a director of Papuan Minerals Pty Ltd. and he serves on the Advisory Board, and is a consulting geologist for Mayur Resources Ltd., an exploration company based in Brisbane, Australia that is listed on the Australian Stock Exchange (ASX:MRL). From October 2003 to June 2006, Dr. Lindley served as Vice President Exploration of New Guinea Gold Corporation (TSX-V:NGG). He was also the founder of Papuan Precious Metals Ltd. and Papuan Precious Metals Corp (TSX-V:PAU), and was the President and CEO for these companies up to September 2010, and a Director from April 2007 to July 2012.

***David Drinkwater, Chairman – Age 71***

Mr. Drinkwater has served on the Board of Directors of TransAlta Renewables Inc. (TSE:RNW) since 2013. Previously, Mr. Drinkwater was a Senior Advisor to Rothschild Canada until December 31, 2015. Prior to that, Mr. Drinkwater was the Chairman of Rothschild Canada from April 15, 2009 to July 1, 2013. Prior thereto, Mr. Drinkwater was the Chief Legal Officer of Nortel Networks Corporation from December 19, 2005 to December 31, 2008 and Senior Advisor from then to March 31, 2009. From May 2007 to November 2007, he was also Acting Chief Financial Officer of Nortel Networks Corporation. From August 2004 to December 2005, he acted as an independent consultant and corporate director. From April 2003 to July 2004, Mr. Drinkwater served as Executive Vice President and Chief Financial Officer at Ontario Power Generation Inc. From December 1998 to March 2003, Mr. Drinkwater was Executive Vice President, Corporate Development and Legal Affairs at Ontario Power Generation. Mr. Drinkwater

holds a Master of Laws from the London School of Economics, a Bachelor of Laws from Dalhousie University and a Bachelor of Arts in Business Administration from the Richard Ivey School of Business at the University of Western Ontario.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Company does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other mining companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a mining Company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers (as hereinafter defined) is fair and reasonable. A "Named Executive Officer" ("NEO") includes: (i) the Company's Chief Executive Officer; (ii) the Company's Chief Financial Officer; (iii) each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year of December 31, 2018, and whose total compensation was more than \$150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year. The Board relies on the experience of its members as officers and directors with other junior mining companies in assessing compensation levels.

#### *Cash Salary*

The Company's compensation payable to the NEOs is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each NEO and varies with the amount of time spent by each NEO in carrying out his or her functions on behalf of the Company. Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

In particular the Chief Executive Officer's compensation will be determined by time spent on: (i) the Company's current mineral property; (ii) reviewing potential mineral properties that the Company may acquire and negotiating, on behalf of the Company; and (iii) new business ventures. The Chief Administrative Officer's compensation will be determined by time spent on non-technical aspects of the Company's operations. The Chief Financial Officer's compensation is primarily determined by time spent in reviewing the Company's financial statements.

#### *Long Term Compensation and Option-Based Awards*

The Company has no long-term incentive plans other than its Stock Option Plan. The Company's directors, officers, employees and certain consultants are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Stock Option Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer-term performance of the Class A Shares.

Options are granted by the Board. In monitoring or adjusting the Option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous Option grants and the objectives set for the NEOs and the Board. The scale of Options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of Options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- (a) parties who are entitled to participate in the Stock Option Plan;

- (b) the exercise price for each Option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the CSE from the market price on the date of grant;
- (c) the date on which each Option is granted;
- (d) the vesting period, if any, for each Option;
- (e) the other material terms and conditions of each Option grant; and
- (f) any re-pricing or amendment to an Option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The Board reviews and approves grants of Options on an annual basis and periodically during a financial year.

A summary of the Option grants to NEOs is provided below. See “*EXECUTIVE COMPENSATION – Incentive Plan Awards*”.

### Employment and Consulting Agreements

The Company has entered into written employment or consulting agreements with its CEO and CAO. The Company has agreed to pay its CEO a total of \$14,583 per month pursuant to the Consulting Agreement and its CAO a total of \$14,583 per month pursuant to the Employment Agreement. The CFO will bill for his services as required through MNP LLP, of which he is a partner, commencing after the completion of listing on the CSE.

### Summary Compensation Table

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, for the Company’s financial years ended December 31, 2018 and 2017.

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Alan Martin, CEO and Director	2018	105,140	nil	nil	nil	124,000	229,140
	2017	20,000	nil	nil	nil	nil	20,000
Paul Rokeby, CFO	2018	2,788	nil	nil	nil	nil	2,788
	2017	nil	nil	nil	nil	nil	nil
Iain Martin, CAO, Corporate Secretary and Director	2018	55,200	nil	nil	nil	62,000	117,200
	2017	5,000	nil	nil	nil	nil	5,000
Andrew Morris, Director <sup>(1)</sup>	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A
David Lindley, Director <sup>(2)</sup>	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A
David Drinkwater, Director <sup>(3)</sup>	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Andrew Morris was appointed as director on July 30, 2019.
- (2) David Lindley was appointed as director on July 30, 2019.
- (3) David Drinkwater was appointed as director on July 30, 2019.

### Incentive Plan Awards

The following table sets forth all outstanding share based and option-based awards to the NEOs as at the fiscal year ended December 31, 2018.

Name and Position	Type of compensation security	Number of underlying securities	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Alan Martin, CEO and Director	Options	2,025,000	0.10	N/A	N/A	N/A	N/A
Paul Rokeby, CFO	Options	nil	N/A	N/A	N/A	N/A	N/A
Iain Martin, CAO, Corporate Secretary and Director	Options	675,000	0.10	N/A	N/A	N/A	N/A

### Termination and Change of Control Benefits

The Consulting Agreement with Alan Martin and the Employment Agreement with Iain Martin provide for the following payments in connection with termination of the agreements.

#### *Termination by the Company without Cause*

The Company may terminate the Consulting Agreement without specifying any cause, at any time upon providing Alan Martin (the “**Consultant**”) with the greater of twelve (12) months’ notice or pay in lieu, plus one (1) month’s notice or pay in lieu for each completed year of service under the Consulting Agreement or any extension thereto to a combined maximum of twenty-four (24) months (the “**Termination Notice Period**”). In the sole event of termination without cause by the Company (and not by Consultant), the Company shall pay Consultant the Consultant’s fee, pro-rata, during the Termination Notice Period during which time the Consultant shall continue to perform services for the Company in full accordance with the Consulting Agreement, and a termination fee (“**Termination Fee**”) equivalent to one (1) month’s Consulting Fee within seven (7) days of the effective date of termination.

The Company may terminate the Employment Agreement without specifying any cause, at any time upon providing Iain Martin (the “**Executive**”) with the greater of twelve (12) months’ notice or pay in lieu, plus one (1) month’s notice or pay in lieu for each completed year of service under the Consulting Agreement to a combined maximum of twenty-four (24) months, or the minimum amount of notice or pay in lieu required by *Employment Standards Act, 2000* (Ontario) (the “**ESA**”). The Company shall also provide the Executive with all other minimum payments or entitlements (beyond notice or pay in lieu) that may be required by the ESA, including severance pay, and will continue to make benefit plan contributions to maintain the Executive’s benefits for such time as required by the ESA.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There is not as of the date of this Prospectus, nor has there been since the Company’s inception, any indebtedness of any director, executive officer, senior officer, employee or any former director, executive officer, employee or senior officer or any associate of any of them, to or guaranteed or supported by the Company either pursuant to an employee stock purchase program of the Company or otherwise, and no such individual is or has been indebted to any other

entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit, or similar arrangement or understanding by the Company.

## AUDIT COMMITTEE

### The Audit Committee’s Charter

The directors of the Company have adopted a charter for the Audit Committee (the “**Audit Committee Charter**”), which sets out the Audit Committee’s mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached hereto as Schedule “A” to this Prospectus.

### Composition of the Audit Committee

The members of the Audit Committee are David Drinkwater (Chairman), Andrew Morris and Iain Martin. Messrs. Drinkwater and Morris are independent (as defined in National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) adopted by the Canadian Securities Administrators), Mr. I. Martin is not independent as he is an officer of the Company, and all members are financially literate (as defined in NI 52-110).

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
David Drinkwater (Chair)	Yes	Yes
Andrew Morris	Yes	Yes
Iain Martin	No	Yes

Notes:

- (1) To be considered independent, a member of the Audit Committee must not have any direct or indirect “material relationship” with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

### Relevant Education and Experience

Each of the members of the Audit Committee has extensive education and experience relevant to the performance of their responsibilities as members of the Audit Committee. Please see “*DIRECTORS AND EXECUTIVE OFFICERS*”.

### Audit Committee Oversight

As the Company is not a reporting issuer, it was not required to, nor did it have, an Audit Committee at any time during the previous financial year. Since the Audit Committee was established, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor where such recommendation has not been adopted by the directors of the Company.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the last two financial years.

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2018	\$6,000	\$nil	\$nil	\$nil
December 31, 2017 <sup>(5)</sup>	\$6,000	\$nil	\$nil	\$nil

Notes:



- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) No other fees were billed by the auditor of the Company other than those listed in the other columns.
- (5) From date of incorporation of October 4, 2017 to December 31, 2017.

### **Exemption**

Since the Company is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **CORPORATE GOVERNANCE**

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of the Company's shareholders, but that it also promotes effective decision making at the Board level.

The following is a description of the Company's corporate governance practices.

### **Board of Directors**

NI 58-101 defines an "independent director" as a director who has no direct or indirect "material relationship" with the issuer. A "material relationship" is as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

The Board believes that it functions independently of management, and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 - *Corporate Governance Guidelines*, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

The Board is currently comprised of five (5) directors being Alan Martin, Andrew Morris, David Lindley, Iain Martin and David Drinkwater. Messrs. Morris, Lindley and Drinkwater are independent within the meaning of NI 58-101. Messrs. A. Martin and I. Martin are not independent as they are officers of the Company and thereby have a "material relationship" with the Company.

### **Directorships**

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer
David Drinkwater	TransAlta Renewables Inc., Toronto Stock Exchange

### **Orientation and Continuing Education**

New members of the Board are provided with: (i) information respecting the functioning of the Board and its committees and a copy of the Company's corporate governance documents; (ii) access to all documents of the Company, including those that are confidential; and (iii) access to management.

The Board is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Company; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Company remains current. Board members are encouraged to: (i) communicate with management and auditors; (ii) keep themselves current with industry trends and developments and changes in legislation with management's assistance; (iii) attend related industry seminars; and (iv) visit the Company's operations

### **Ethical Business Conduct**

The Board has adopted a written code of business conduct and ethics (the “**Code of Conduct**”) to encourage and promote a culture of ethical business conduct amongst the directors, officers and employees of the Company. Copies of the Code of Conduct are available upon written request from the Chief Executive Officer of the Company. The Board is responsible for ensuring compliance with the Company's code of conduct. The Code of Conduct was adopted after the end of the previous financial year, and there have been no departures from the Company's Code of Conduct since its adoption.

In addition to those matters which, by law, must be approved by the Board, the approval of the Board is required for:

- the Company's annual business plan and budget;
- material transactions not in the ordinary course of business; and
- transactions which are outside of the Company's existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

The Company believes that it has adopted corporate governance procedures and policies which encourage ethical behaviour by the Company's directors, officers and employees.

### **Nomination of Directors**

The Company has not established a nominating committee. The Board holds the responsibility for the appointment and assessment of directors.

The Board seeks to achieve a balance of knowledge, experience and capability among its members. When considering candidates for director, the Board takes into account a number of factors, including the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- personal qualities and characteristics, accomplishments and reputation in the business community;
- current knowledge and contacts in the countries and/or communities in which the Company does business and in the Company's industry sectors or other industries relevant to the Company's business; and
- ability and willingness to commit adequate time to Board and committee matters, and be responsive to the needs of the Company.

The Board will periodically assess the appropriate number of directors on the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, or the size of the Board is expanded, the Board will consider various potential candidates for director. Candidates may come to the

attention of the Board through current directors or management, stockholders or other persons. These candidates will be evaluated at regular or special meeting of the Board, and may be considered at any point during the year.

### **Majority Voting Policy**

The Board believes that each director should have the confidence and support of the shareholders of the Company. To this end, the Board has unanimously adopted a majority voting policy (the “**Majority Voting Policy**”).

Pursuant to the Majority Voting Policy, if, in an uncontested election of directors of the Company, any particular nominee for director receives a greater number of votes withheld than number of votes in favour of the nominee, then for purposes of this Policy the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law, and such nominee shall promptly tender his or her resignation to the Chairman of the Board following the meeting. For the purposes of the Majority Voting Policy, an “uncontested election” shall mean an election where the number of nominees for director shall be equal to the number of directors to be elected as determined by the Board.

### **Compensation**

The Company has not established a compensation committee. The Board reviews the compensation of the directors and senior officers and makes recommendations regarding the granting of stock options to directors and senior officers, compensation for senior officers, and compensation for senior officers’ and directors’ fees, if any, from time to time. Senior officers and directors may be compensated in cash and/or equity for their expert advice and contribution towards the success of the Company. The form and amount of cash compensation will be evaluated by the Board, which will be guided by the following goals:

- compensation should be commensurate with the time spent by senior officers and directors in meeting their obligations and reflective of the compensation paid by companies similar to the Company in size, business and stage of development; and
- the structure of the compensation should be simple, transparent and easy for shareholders to understand. Shareholders will be given the opportunity to vote on all new or substantially revised equity compensation plans for directors as required by regulatory policies.

The Board:

- reviews and makes recommendations at least annually regarding the Company’s remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans including the Stock Option Plan and grants and benefit plans;
- has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention;
- reviews and approves at least annually all compensation arrangements with the senior executives of the Company;
- reviews and approves at least annually all compensation arrangements with the directors of the Company; and
- reviews the executive compensation sections disclosed in annual management proxy circular distributed to the shareholders in respect of the Company’s annual meetings of shareholders.

### **Other Board Committees**

The Board has no standing committees other than the Audit Committee.

## **Assessment**

The Board does not consider formal assessments useful given the stage of the Company's business and operations. However, the chairman of the Board meets annually with each director individually, which facilitates a discussion of his contribution and that of other directors. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the chairman of the Board is also responsible for reporting to the Board on areas where improvements can be made. Any agreed upon improvements required to be made are implemented and overseen by the Board. A more formal assessment process will be instituted as, if, and when the Board considers it to be necessary.

## **RISK FACTORS**

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The Board considers the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Class A Shares could decline and investors may lose all or part of their investment.

### *Substantial Number of Authorized but Unissued Shares*

The Company has an unlimited number of Class A Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

### *Dilution*

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the Class A Shares. If the Company issues Class A Shares from its treasury for financing purposes, control of the Company may change and purchasers may suffer additional dilution.

### *No Market for Securities*

There is currently no market through which any of the Class A Shares may be sold and there is no assurance that such securities of the Company will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Class A Shares are listed on a stock exchange, holders of the Class A Shares may not be able to sell their Class A Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Class A Shares will develop or be sustained after completion of the Offering. The holding of Class A Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Class A Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

### *Negative Cash Flow from Operating Activities*

The Company has no history of earnings and had negative cash flow from operating activities since inception. The Keveri Property is in the exploration stage and there are no known mineral resources or reserves and the proposed exploration program on the Keveri Property is exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Keveri Property will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

### *Current Market Volatility*

The securities markets in the United States and Canada have recently 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 market for the Class A Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Class A Shares distributed hereunder will be affected by such volatility.

### *Use of Funds*

The Company has prepared a detailed budget setting out the way in which it proposes to expend the funds. However, the quantum and timing of expenditure will necessarily be dependent upon receiving positive results from the Company's exploration activities on the Keveri Property. As the Company conducts its exploration program, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilise part of its financial resources to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value.

### *No Production History*

The Keveri Property is not a producing property and its ultimate success will depend on its operating ability to generate cash flow from producing properties in the future. The Company has not generated any revenue to date and there is no assurance that it will do so in the future. The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of the exploration programs that the Company proposes to undertake.

### *Limited Operating History*

The Company has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Company will be able to raise the required funds to continue these activities.

### *Exploration, Mining and Operational Risks*

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Keveri Property does not have any known mineral resources or reserves and the proposed exploration and drilling programs are an exploratory search for such mineral resources or reserves.

The Company's operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

### *Mining Claims*

The operations of the Company will require licenses and permits from various governmental authorities in Papua New Guinea (“PNG”). There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out the exploration and development of its projects in a timely manner or at all.

The activities of the Company will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, a gold export license, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company intends to carry out its activities in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

The Company's operations will also be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties.

There are several permits required for mining operations in PNG, including:

- License to keep, store or possess explosives;
- Permit for persons using explosives;
- Conveyance of explosives and dangerous goods;
- License to keep, or register premises to store inflammable liquids;
- Approval to recruit non-citizens;
- Gold export license;
- Export consignment form;
- Establishing foreign bank accounts to meet exchange control requirements;
- Tax clearance certificates for transfer of funds out of PNG.

The Company does not have any of these permits in a current or useable form, and will be required to apply for and obtain all necessary permits as required to mine, process and sell product. There is no guarantee the Company will be able to obtain the necessary permits in a timely manner or at all. Delays in obtaining permits could materially delay the Company's operations, and failure to obtain any necessary permit could materially restrict the Company's future operations.

### *Country Risks*

The Company's mineral properties are located in and its activities will be conducted in PNG and as such the Company will be exposed to various levels of political, economic and other risks and uncertainties associated with carrying on business in PNG. These risks include but are not limited to, political instability, an unpredictable legal system, civil unrest, inconsistent and unsophisticated land tenure system, government land policy and government ownership of or participation in mining projects, high levels of corruption, significant delays in permitting and approvals, fluctuations in currency exchange rates, high rates of inflation, excessive import duties and taxes on the importation of equipment, expropriation and nationalization, restrictions on foreign ownership, possible future restrictions on foreign exchange and repatriation, changes in taxation, labour and mining regulations and policies, and changing political conditions, currency controls, and government regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ local citizens.

Changes, if any, in mining or investment policies, or shifts in political attitude in PNG, may adversely affect the Company's operations or profitability. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications, and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.



One potential cost of care and maintenance to be incurred by the Company will be for security personnel. The Company will have to maintain a minimum level of security to protect its assets and personnel; however, there is no guarantee that such measures will provide an adequate level of protection for the Company.

#### *Corruption and Bribery*

The Company must comply with anti-corruption and anti-bribery laws, including the *Canadian Corruption of Foreign Public Officials Act* as well as similar laws in the countries in which the Company conducts its business. Such laws apply to all directors, officers, employees, consultants and agents of the Company and each subsidiary thereof. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company, which may have a material adverse effect on it.

#### *Mining Decision*

The Company may choose to initiate mining operations on any part of the Keveri Property, without basing its production decision on a feasibility study, pre-feasibility study, preliminary economic assessment or mining study of mineral reserves demonstrating economic and technical viability, and therefore be subject to a higher risk of uncertainty. There is no assurance, given all of the known and potentially unknown risks associated with the Keveri Property that the Company will be able to profitably carry on mining operations. In addition, there is no assurance continued exploration of the Keveri Property will demonstrate adequate additional mineralization which can be mined economically, such that mining operations on the Keveri Property may not be sustainable beyond currently estimated resources.

#### *Royalties*

The PNG Mining Act 1992 provides that all minerals at or below the surface of any land are the property of the State. As a result, the tenements underlying the Keveri Property are subject to royalties and interests in favour of the government of PNG in accordance with that Act. The holder of a mining lease or a special mining lease under that Act is required to pay a royalty to the State equal to 2% of either: (i) the free on board value of the minerals, if they are exported without smelting or refining in PNG; or (ii) the net smelter return from the minerals, if they are smelted or refined in PNG. In addition to royalty costs, the PNG government also imposes a second cost on mining project in PNG in the form of a 0.25% levy of mine revenue.

#### *State Participation Right*

Generally the PNG government has the right to participate in mining operations by acquiring up to a 30% interest in a mining licence. It is uncertain whether the PNG government will choose to exercise this right with regards to the Keveri Property, however the risk remains that the government could seek to impose and exercise such right, which could result in, among other things, material and costly negotiations as to the fair market value of such right and the terms of payment. Upon exercise of the government's option, the state would fund its share of capital and ongoing costs and the Company repaid its share of sunk costs.

#### *Foreign Enterprise Carrying on Business in PNG*

Foreign companies carrying on business in PNG are required to obtain a certificate under the Investment Promotion Act (PNG) ("IPA") permitting such activity. PML had the necessary certificate under the IPA, however there is a requirement for foreign companies to recertify in the event of a change in the ownership, shareholder or beneficial ownership or control of the foreign enterprise. The Company will be required to seek recertification under the IPA upon exercise of the Company's option to acquire of 51% of the shares of PML pursuant to the Keveri Option Agreement, as amended by the Keveri Option Amending Agreement. There is no assurance such re-certifications will be granted, failure of which will adversely impact on, or may preclude, the Company's ability to carry on business in PNG.

#### *Assurance of Title*

The Company has taken all reasonable steps to attempt to ensure that proper title to the Keveri Property has been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices.

Despite the due diligence conducted by the Company, there is no guarantee that title to such Keveri Property will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

#### *Possible Loss of Interests in Keveri Property*

The Keveri Option Agreement, as amended by the Keveri Option Amending Agreement, pursuant to which the Company acquired its interest in the Keveri Property requires the Company to make a series of payments in cash and to issue Class A Shares over certain time periods and expend certain minimum amounts on the exploration of the Keveri Property. If the Company fails to make such payments or expenditures within the prescribed time periods, the Company may lose its interest in the Keveri Property without any recourse.

#### *Possible Failure to Obtain Mining Licences*

Even if the Company does complete the required exploration activities on the Keveri Property, it may not be able to obtain the necessary licences or permits to conduct mining operations, and thus would realize no benefit from such exploration activities.

#### *Competition*

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

#### *Conflicts of Interest*

Some of the Company's directors and officers act as directors and/or officers of other mineral exploration companies. As such, the Company's directors and officers may be faced with conflicts of interests when evaluating alternative mineral exploration opportunities. In addition, the Company's directors and officers may prioritize the business affairs of another Company over the affairs of the Company.

#### *Personnel*

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration program on the Keveri Property. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

#### *Volatility of Commodity Prices*

The market prices of commodities are volatile and are affected by numerous factors, which are beyond the Company's control. These factors include international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, as well as a range of other market forces. Sustained downward movements in commodity prices could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Company.

#### *Environmental Risks and Other Regulatory Requirements*

Inherent with mining operations is an environmental risk. The current or future operations of the Company, including exploration and development activities and commencement of production on the Keveri Property, require permits from various governmental authorities. Such operations are governed by laws and regulations that govern prospecting, mining, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production as a result of needing to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company requires for future, exploration, development, construction and operation of mining facilities and the conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on the operations of the Company.

The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the Republic of PNG.

#### *Enforcement of Judgments Against Foreign Persons or Companies*

All of the Company's assets are located outside of Canada, in the jurisdiction of PNG. In addition, many of the officers, directors, experts, and service providers identified in this prospectus are resident outside of Canada. It may not be possible for investors to effect service of process within Canada. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

It may also be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws or otherwise. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws or otherwise.

#### *Dependence on the Keveri Property and Jurisdiction of Anticipated Business Operations*

The Company has only an option to acquire up to an 85% undivided interest in PML, which is the legal and beneficial owner of 100% of the Licences. PML itself is a wholly owned subsidiary of PMPL and is a corporation governed by the laws of PNG and is based in PNG, whereas PMPL is the legal and beneficial owner of 100% of the shares of PML, and is a corporation governed by the laws of Australia and is based in Australia.

Consequently, the Company's only material property for the purposes of NI 43-101 is the Keveri Property, which is an early stage exploration project. The Keveri Property is at an exploration stage and there are not yet any defined mineral resources. There is uncertainty relating to defining any mineral resources and there is no assurance that any defined mineral resources will be upgraded to mineral reserves with sufficient geological continuity and extractive characteristics to make them economic.

Further, in the event of a legal dispute with respect to the Keveri Option Agreement and the Keveri Option Amending Agreement, the Company would be required to bring a legal action under the laws of Queensland, Australia since the Keveri Option Agreement and the Keveri Option Amending Agreement are governed by the laws of Queensland, Australia.

#### *Corporate Governance of PML*

Upon acquiring the Stage 1 Interest, among other things, the Company shall have the right to appoint only two of four directors to the PML Board (with PMPL being entitled to appoint the remaining two of four directors to the PML Board). Upon acquiring the Stage 2 Interest, the Company shall have the right to appoint such number of directors to the PML Board as is equal to its interest in PML (85%), which is presently contemplated to be three of four directors of PML (with PMPL being entitled to appoint the remaining one of four directors to the PML Board). Consequently, until such time as the Company is able to acquire the Stage 2 Interest, which may never occur, the Company will not have the right to appoint a majority of the directors to the PML Board.

*All of the Company's subsidiaries and its mineral properties are in a foreign, developing country and, therefore, a large portion of the Company's business may be exposed to political, economic, social, security, and other risks and uncertainties*

The Company's mineral properties, are located entirely in PNG, which is a developing nation. It may, therefore, be exposed or perceived to be exposed to various types and degrees of security, economic, labour, political, social and

other risks and uncertainties. These risks and uncertainties include, but are not limited to: insurrection, terrorism; hostage taking; military repression; high rates of inflation; labour unrest; war or civil unrest; creeping or outright expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts, including by way of invalidation of governmental acts; artisanal and illegal mining operations and the government's enforcement of norms restricting these activities; changes in taxation and mining-related laws and regulations; trade protectionism, including restrictions or tariffs on imports; changes to the foreign exchange regime; changes to the currency regime; currency controls; restrictions on repatriation of funds; changing political conditions, including electoral results; challenges to the validity of governmental acts; litigation and judicial decisions, including approval of processes for popular votes to ban mining in different jurisdictions, that run counter to the current government's pro-mining policies, possibly precipitated by activists or indigenous groups opposed to extractive industries and/or foreign investment; corrupt or unethical behaviour by government officials or agents, judges, and even Company employees; and, governmental regulations that may favour or require the awarding of contracts to local contractors or require foreign contractors to employ residents of, or purchase supplies from, a particular jurisdiction.

Changes in mining or investment policies or shifts in political and public attitudes may adversely affect the Company's operations or potential profitability. Operations may be affected in varying degrees by modifications to governmental legislation, regulations and pronouncements with respect to, but not limited to: restrictions on production; price controls; export controls; currency remittances; taxes, including income taxes, property taxes, value added taxes, capital gains taxes, windfall taxes, and the sovereign adjustment tax; royalties; expropriation of property; foreign investment; maintenance of claims; the environment; land use, including territorial bans on different types of mining activities or outright cancellation of mining rights; land claims or other demands by local people; social consultation and other permitting requirements; large mining activity, including exploration; artisanal and illegal mining operations; labour; transportation; water use; imports and exports; and, mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in cancellation, loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The impact of one or more of these various factors and uncertainties, none of which can be accurately predicted, could have an adverse effect on the Company's operations or potential profitability.

#### *Uninsured Risks*

The Company, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks as such insurance is either unavailable or uneconomic at this time. The Company also currently has no key man insurance or property insurance as such insurance is uneconomical at this time. The Company will obtain such insurance once it is available and, in the opinion of the Board, economical to do so. The Company may incur a liability to third parties (in excess of any insurance coverage) arising from pollution or other damage or injury.

The Company is not insured against most environmental risks. Insurance against environmental risks has not been generally available to companies within the mining and exploration industry. Without such insurance, and if the Company does become subject to environmental liabilities, the costs of such liabilities would reduce or eliminate the Company's available funds or could result in bankruptcy. Should the Company be unable to fully fund the remedial costs of an environmental problem, it may be required to enter into interim compliance measures pending completion of the required remedy.

#### *Health and Safety Risks*

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on the Keveri Property or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

### *Tax Issues*

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

### *Additional Requirements for Capital*

Substantial additional financing will be required if the Company is to be successful in pursuing its ultimate strategy of discovering and extracting mineral resources. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in the Keveri Property, incur financial penalties, or reduce or terminate its operations.

### *Smaller Companies*

The share price of publicly traded smaller companies can be highly volatile. The value of the Class A Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Class A Shares.

### *Liquidity of the Class A Shares*

Listing on the Exchange should not be taken as implying that there will be a liquid market for the Class A Shares. Thus, an investment in the Class A Shares may be difficult to realise. Investors should be aware that the value of the Class A Shares may be volatile. Investors may, on disposing of Class A Shares, realise less than their original investment, or may lose their entire investment. The Class A Shares, therefore, may not be suitable as a short-term investment.

The market price of the Class A Shares may not reflect the underlying value of the Company's net assets. The price at which the Class A Shares will be traded, and the price at which investors may realise their Class A Shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some that may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the Class A Shares, liquidity or the absence of liquidity in the Class A Shares, legislative or regulatory changes relating to the business of the Company, and general market and economic conditions.

### *General*

Although management believes that the above risks fairly and comprehensively illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

Although the directors of the Company will seek to minimise the impact of the risk factors, an investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult a person who specialises in investments of this nature before making any decision to invest.

## **PROMOTERS**

Alan Martin, the Company's President, Chief Executive Officer and a director, took the initiative in the primary organization of the Company and accordingly is a promoter of the Company. Mr. A. Martin owns 8,637,451 Class A Shares, 100,000 Special Warrants and 2,775,000 Options of the Company, which represents 17.08% of the Class A

Shares outstanding prior to the Listing, on a partially diluted basis. See “*PRINCIPAL SHAREHOLDERS*”, “*DIRECTORS AND EXECUTIVE OFFICERS*” and “*EXECUTIVE COMPENSATION*”.

Iain Martin, a director of the Company, took the initiative in the primary organization of the Company and accordingly is a promoter of the Company. Mr. I. Martin owns 4,234,068 Class A Shares, 158,000 Special Warrants and 2,104,995 Options of the Company, which represents 9.73% of the Class A Shares outstanding prior to the Listing, on a partially diluted basis. See “*PRINCIPAL SHAREHOLDERS*”, “*DIRECTORS AND EXECUTIVE OFFICERS*” and “*EXECUTIVE COMPENSATION*”.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal or regulatory proceedings that the Company is or has been a party to, or that any of its property is or has been the subject of, and none are known to be contemplated.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed herein and elsewhere in this Prospectus, no director or executive officer of the Company, and no associate or affiliate of the foregoing persons, has, or has had, any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries.

## **RELATIONSHIP BETWEEN ISSUER AND AGENT**

The Company is not a “related issuer” or a “connected issuer” of or to an Agent (as such terms are defined in National Instrument 33-105 – *Underwriter Conflicts*). The Company did not raise any proceeds using an Agent.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are McGovern Hurley LLP, Chartered Professional Accountants, located at 251 Consumers Road, Suite 800, Toronto, Ontario, Canada M2J 4R3.

The transfer agent and registrar for the Class A Shares is Capital Transfer Agency ULC, located at 390 Bay Street, Suite 920, Toronto, Ontario, Canada M5H 2Y2.

## **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only contracts which have been entered into by the Company as of the date hereof or which will be entered into prior to the Listing and which are regarded presently as material are:

1. The Keveri Option Agreement dated August 24, 2018 between the Company, PMPL and PML, pursuant to which the Company acquired options to acquire up to eighty-five percent (85%) of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the licenses which encompass the Keveri Project in Papua New Guinea. The Keveri Option is exercisable in two stages over a total period of six (6) years from the Listing Date. See “*DESCRIPTION OF THE BUSINESS – Three Year History*”.
2. The Keveri Option Amending Agreement dated November 3, 2019 between the Company, PMPL and PML, which amended the terms of certain payments required under the Keveri Option Agreement to acquire the options.

## EXPERTS

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or Company are named in this prospectus as having prepared or certified a report, valuation, statement or opinion in this prospectus:

1. Ian Taylor, BSc (Hons), MAusIMM (CP) of Brisbane, Australia, is an independent consulting geologist employed by Mining Associates Ltd. and is a “qualified person” as defined in NI 43-101 and is the author responsible for the preparation of the Technical Report on the Keveri Property.
2. The audited financial statements included in this Prospectus have been subject to audit by McGovern Hurley LLP, Chartered Professional Accountants (“**McGovern Hurley**”), and their audit report is included herein. McGovern Hurley is independent in accordance with the CPA Code of Professional Conduct.

In addition, certain legal matters relating to the prospectus and CSE listing will be passed upon on behalf of the Company by Peterson McVicar LLP.

None of the foregoing persons or companies have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person or company prepared the report, valuation, statement or opinion aforementioned or thereafter.

## PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Province of Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

## LIST OF EXEMPTIONS FROM INSTRUMENT

The Company has applied to the OSC under Part 19 of National Instrument 41-101 – *General Prospectus Requirements* and obtained from the OSC an exemption (to be evidenced by the issuance of the receipt for the final prospectus) from Item 32 of Form 41-101F1 *Information Required in a Prospectus* (“**Form 41-101F1**”), the requirement to include audited historical financial statements of PML for the year ended December 31, 2017 and the period from January 1, 2018 to August 24, 2018. The Keveri Property may be considered to form part of the primary business of the Company pursuant to Item 32.1(1)(b) of Form 41-101F1 and that the treatment of the Keveri Property as forming part of the primary business of the Company would require the Company to include in the Prospectus, potentially among other related financial disclosures, up to three years of audited annual financial statements for the Keveri Property. The exemption has been requested for the following reasons:

- since incorporation, PML has had short history, no business operations, and limited activities related to the acquisition of the Licences. See “*DESCRIPTION OF THE BUSINESS*”. In particular, based on assessment records, the following is a summary of the exploration expenditures incurred on the Keveri Property during the Open Period (work was done only on EL 2391; no work was done on EL 2560):

Item	Year ended December 31, 2017	January 1 to August 24, 2018	Total
Reconnaissance geological mapping, prospecting, rock & soil sampling and related camp and transportation costs	\$57,905 (Kina 149,974)	\$78,070 (Kina 202,202)	\$135,975 (Kina 352,176)

Notes:



- (1) On January 27, 2020, the Visa International exchange rate for the Papua New Guinean kina (“kina”) in terms of Canadian dollars was approximately 1 kina per CAD\$ 0.3861.
- The only assets to be transferred to the Company pursuant to the Keveri Option Agreement are the Licences, which in turn were acquired by PML at a nominal cost. No other assets are being transferred and no liabilities will be assumed by the Company that would adversely affect the Company’s interest in the Keveri Property;
  - The Technical Report, summarized under the heading “*MATERIAL PROPERTY*”, covers the Keveri Property to be acquired from PML under the Keveri Option Agreement and details the historical work performed on such properties;
  - Only a nominal amount of work has been undertaken on the Keveri Property prior to the Keveri Option Agreement with the Company and this minimal work has been described in the Technical Report; and
  - The Company has conducted satisfactory due diligence to determine that there are no material liabilities present on the Keveri Property.

## **FINANCIAL STATEMENTS**

Audited financial statements of the Company for the years ended December 31, 2017 and December 31, 2018 are included in this prospectus, in addition to the quarterly statements for the nine months ended September 30, 2019 and its corresponding management’s discussion and analysis.

## CERTIFICATE OF THE ISSUER

Dated: February 4, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the province of Ontario.

(Signed) "Alan Martin"

Alan Martin  
Chief Executive Officer

(Signed) "Paul Rokeby"

Paul Rokeby  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "Iain Martin"

Iain Martin  
Director

(Signed) "David Drinkwater"

David Drinkwater  
Director

## CERTIFICATE OF THE PROMOTER

Dated: February 4, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the province of Ontario.

(Signed) "Alan Martin"

Alan Martin  
Chief Executive Officer

## CERTIFICATE OF THE PROMOTER

Dated: February 4, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the province of Ontario.

(Signed) "Iain Martin"

Iain Martin  
Chief Administrative Officer

**SCHEDULE “A” – AUDIT COMMITTEE CHARTER**

**CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF  
GOLDEN BIRCH RESOURCES INC.**

[SEE FOLLOWING PAGES]

# AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Golden Birch Resources Inc. (“**Golden Birch**” or the “**Corporation**”).

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## 1.0 Mandate

The Committee shall:

- (a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;
- (b) assess the effectiveness of the Corporation’s risk management and compliance practices;
- (c) assess the independent auditor’s performance, qualifications and independence;
- (d) assess the performance of the Corporation’s internal audit function;
- (e) ensure the Corporation’s compliance with legal and regulatory requirements; and
- (f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

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## 2.0 Composition and Membership

The Committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. A majority of the members of the Committee shall not be an officer or employee of the Corporation. A majority of the members shall satisfy the applicable independence requirements, and all members shall satisfy the experience requirements, of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their number. The Chairman shall not be a former executive Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

- a) a quorum for meetings shall be at least three members;
- b) the Committee shall meet at least quarterly;
- c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least twenty-four (24) hours in advance of such meeting;
- d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

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### **3.0 Duties and Responsibilities**

#### **3.1 Oversight of the Independent Auditor**

- (a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
- (b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- (c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.



- (d) Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.
- (e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- (f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- (g) Review, as necessary, policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

### **3.2 Financial Reporting**

- a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.
- b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.
- c) Review and discuss, with Management and the independent auditor, Management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on Management's assessment.
- d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.
- e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

- g) Discuss with the independent auditor at least annually any “Management” or “internal control” letters issued or proposed to be issued by the independent auditor to the Corporation.
- h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation’s accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.
- i) Discuss with Management the Corporation’s earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
- j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation’s financial statements.
- k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.
- l) Review disclosures made by the Corporation’s Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation’s ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation’s internal controls.
- m) Discuss with the Corporation’s General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

### **3.3 Oversight of Risk Management**

- a) Review and approve periodically Management’s risk philosophy and risk management policies.
- b) Review with Management at least annually reports demonstrating compliance with risk management policies.
- c) Review with Management the quality and competence of Management appointed to administer risk management policies.
- d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation’s risk management practices together with Management’s responses.
- e) Discuss with Management at least annually the Corporation’s major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Corporation’s risk assessment and risk management policies.

### **3.4 Oversight of Regulatory Compliance**

- a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.
- c) Meet with the Corporation's regulators, according to applicable law.
- d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

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### **4.0 Funding for the Independent Auditor and Retention of Other Independent Advisors**

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at Golden Birch's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes.

The Committee also has the authority to communicate directly with internal and external auditors.

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### **5.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters**

1. The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "**Complaints Officer**") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

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## **6.0 Procedures for Approval of Non-Audit Services**

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;
  - (g) human resources;
  - (h) broker or dealer, investment adviser or investment banking services;
  - (i) legal services;
  - (j) expert services unrelated to the audit; and
  - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

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## **7.0 Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

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## **8.0 Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding Golden Birch that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the Committee.

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## **9.0 Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: October 21, 2019

Approved by: Audit Committee  
Board of Directors

**SCHEDULE “B” – FINANCIAL STATEMENTS AND MD&A**

[SEE FOLLOWING PAGES]

**Audited Financial Statements of  
Golden Birch Resources Inc.  
for the year ended December 31, 2018  
and the period from October 4, 2017 to December 31,  
2017**



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**Golden Birch Resources Inc.**

**Financial Statements**

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**December 31, 2018 and 2017**

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# Golden Birch Resources Inc.

## Index to Financial Statements

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## Independent Auditor's Report

To the Shareholders of Golden Birch Resources Inc.

### Opinion

We have audited the financial statements of Golden Birch Resources Inc. (the "Company"), which comprise the balance sheets as at December 31, 2018 and 2017, and the statements of changes in equity, statements of operations and comprehensive loss, and statements of cash flows for the year ended December 31, 2018 and the period from incorporation (October 4, 2017) to December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the year ended December 31, 2018 and the period from incorporation (October 4, 2017) to December 31, 2017 in accordance with International Financial Reporting Standards ("IFRS").

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

UHY McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
July 3, 2019

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## Golden Birch Resources Inc.

### Balance Sheet

Expressed in Canadian Dollars

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As at,	December 31, 2018	December 31, 2017
	\$	\$
<b>Assets</b>		
<b>Current:</b>		
Cash and term deposits	789,216	-
Advances to director, <i>note 8</i>	-	320
Prepaid expenses	11,884	-
<b>Total current assets</b>	<b>801,100</b>	<b>320</b>
<b>Total Assets</b>	<b>801,100</b>	<b>320</b>
<b>Liabilities</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities, <i>note 8</i>	266,426	45,196
<b>Total current liabilities</b>	<b>266,426</b>	<b>45,196</b>
<b>Total Liabilities</b>	<b>266,426</b>	<b>45,196</b>
<b>Shareholders' Equity</b>		
Issued capital, <i>note 6</i>	1,464,916	-
Equity reserves, <i>note 7</i>	117,000	-
<b>Deficit</b>	<b>(1,047,242)</b>	<b>(44,876)</b>
<b>Total Shareholder's Equity</b>	<b>534,674</b>	<b>(44,876)</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>801,100</b>	<b>320</b>

Going concern, commitments and contingencies, *notes 1, 5 and 9*  
Subsequent events, *note 12*  
See accompanying notes to the financial statements.

Approved on behalf of the Board:

"Alan Martin" \_\_\_\_\_ Director

"Iain Martin" \_\_\_\_\_ Director

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## Golden Birch Resources Inc.

### Statements of Changes in Equity

Expressed in Canadian Dollars

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	Shares #	Issued Capital \$	Equity reserves \$	Deficit \$	Total equity \$
<b>October 4, 2017</b>	-	-	-	-	-
Loss for the period	-	-	-	(44,876)	(44,876)
<b>December 31, 2017</b>	-	-	-	(44,876)	(44,876)
Non-brokered private placement, net of issuance costs	26,915,294	1,332,926	-	-	1,332,926
Shares issued in settlement of accounts payable	4,578,236	131,990	-	-	131,990
Share-based payments	-	-	117,000	-	117,000
Loss for the year	-	-	-	(1,002,366)	(1,002,366)
<b>Balance at December 31, 2018</b>	<b>31,493,530</b>	<b>1,464,916</b>	<b>117,000</b>	<b>(1,047,242)</b>	<b>534,674</b>

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See accompanying notes to the financial statements.

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## Golden Birch Resources Inc.

### Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

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	Year ended December 31,	Period from October 4, 2017 to December 31,
For the periods ended December 31,	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Expenses:</b>		
Management fees, <i>note 8</i>	327,658	25,000
Consulting services	15,300	-
Exploration and evaluation expenses, <i>note 5, 8</i>	461,941	-
General exploration	10,039	-
Investor relations	1,062	-
Office and general	4,104	1,523
Professional fees	50,465	10,803
Share-based payments, <i>note 7</i>	117,000	-
Travel	14,797	7,550
<b>Total expenses</b>	<b>1,002,366</b>	<b>44,876</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(1,002,366)</b>	<b>(44,876)</b>

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See accompanying notes to the financial statements.



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## Golden Birch Resources Inc.

### Statements of Cash Flows

Expressed in Canadian Dollars

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	Year ended December 31,	Period from October 4, 2017 to December 31,
For the periods ended December 31,	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Cash was provided by (used in):</b>		
<b>Operating activities:</b>		
Net loss for the year	(1,002,366)	(44,876)
Items not affecting cash:		
Share-based payments	117,000	-
	<b>(885,366)</b>	<b>(44,876)</b>
Cash was provided by (used to finance) changes in the following working capital items:		
Prepaid expenses	(11,884)	-
Accounts payable and accrued liabilities	353,220	45,196
Net change in non-cash working capital	<b>341,336</b>	<b>45,196</b>
Net cash used in operating activities	<b>(544,030)</b>	<b>320</b>
<b>Investing activities:</b>		
Advances to director	320	(320)
Net cash provided by investing activities	<b>320</b>	<b>(320)</b>
<b>Financing activities:</b>		
Non-brokered private placement	1,354,180	-
Issue costs	(21,254)	-
Net cash provided by financing activities	<b>1,332,926</b>	-
<b>Change in cash and term deposits</b>	<b>789,216</b>	-
Cash and term deposits, beginning of period	-	-
<b>Cash and term deposits, end of period</b>	<b>789,216</b>	-
<b>Cash and term deposits are composed of the following:</b>		
Cash	89,216	-
Term deposits	700,000	-
	<b>789,216</b>	-

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See accompanying notes to the financial statements.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 1. Nature of operations and going concern

Golden Birch Resources Inc. (the "Company" or "Golden Birch") was incorporated on October 4, 2017 under the Canada Business Corporations Act (the "Act"). The principal business of the Company is the acquisition, exploration and development of mineral property interests in Papua New Guinea. The Company is a private company incorporated in Canada with limited liability under the legislation of Canada. The head office is located at 140 Cook's Lake Road, Timmins, Ontario P4R 0B7.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration and evaluation activities is dependant upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, aboriginal claims, social license requirements and non-compliance with regulatory requirements.

The Company had a net loss of \$1,002,366 (2017 - \$44,876) for the year ended December 31, 2018 and had an accumulated deficit of \$1,047,242 (2017 - \$44,876) and working capital of \$534,674 (2017 - working capital deficiency of \$44,876) as at December 31, 2018. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 2. Basis of presentation

- (a) Statement of compliance with International Financial Reporting Standards

These financial statements, including comparatives, have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

- (b) Basis of preparation

These financial statements have been prepared on a historical cost basis.

These financial statements were authorized for issuance by the Board of Directors on July 3, 2019.

#### Current accounting changes

During 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 2, share-based payments, financial instruments, IFRIC 22, Foreign Currency Transactions and Advance Consideration. These new standards and changes did not have any material impact on the Company's financial statements.

IFRS 9 was adopted early in 2017.

#### Future Accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2019 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The Company is currently evaluating the impact of these new standards on the Company's financial statements.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 2. Basis of presentation (continued)

#### (b) Basis of preparation (continued)

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRIC 23 – Interpretation of Uncertainty over Income Tax Treatments (“IFRIC 23”) was published on June 17, 2017. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC Interpretations (Interpretations) form part of the authoritative IFRS requirements. They are developed by the IFRS Interpretations Committee to provide requirements on specific application issues and are ratified by the IASB. IFRIC 23 is effective for annual accounting periods beginning on or after January 1, 2019.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies

(a) Currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

(b) Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i) Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

ii) Estimation of closure and reclamation costs and the timing of expenditure

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Closure, reclamation and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of closure, reclamation or similar liabilities that may occur upon closure of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies (continued)

(b) Critical judgements and estimation uncertainties (continued)

iii) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

iv) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

v) Contingencies

Refer to Note 9.

(c) Cash and term deposits

Cash and term deposits consist of bank balances and short-term deposits in redeemable guaranteed investment certificates.

(d) Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred and included in the statement of operations and comprehensive loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development division has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties. Exploration costs include an allocation of administration and salary costs as determined by management.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies (continued)

(e) Provision for closure and reclamation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs.

The Company does not currently have any significant legal or constructive obligations relating to reclamation or closure of its exploration and evaluation property interests and therefore no closure and reclamation liabilities have been recorded as at December 31, 2018 and 2017.

(f) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects.

Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies (continued)

- (h) Financial instruments

#### Financial assets

##### Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

##### Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash and term deposits and advances to director were held at amortized cost.

##### Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets as FVPL.



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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies (continued)

- (h) Financial instruments (continued)

#### Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss when the right to receive payments is established.

#### Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

#### Impairment of financial assets

The Company's only financial assets subject to impairment are advances to director, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies (continued)

(h) Financial instruments (continued)

**Subsequent measurement – financial liabilities at amortized cost**

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

(i) Share-based payments

The Company has a share option plan that is described in note 7. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as issued capital and the related equity reserve is transferred to issued capital. Charges for options that are forfeited before vesting are reversed from equity reserves. Upon expiry, the recorded value is transferred to deficit.

(j) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options would be anti-dilutive.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 4. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

#### **Credit risk**

The Company's credit risk is primarily attributable to cash and term deposits. The Company has no significant concentration of credit risk arising from operations. Cash and term deposits have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

#### **Liquidity risk**

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, 2018, the Company had a cash and term deposit balance of \$789,216 (December 31, 2017 - \$nil) to settle current liabilities of \$266,426 (December 31, 2017 - \$45,196). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

#### **Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

#### **Price risk**

Price risk with respect to commodity prices is remote since the Company is not a producing entity.

#### **Fair value of financial instruments**

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet 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 judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at December 31, 2018 and 2017, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 4. Financial risk factors (continued)

#### Fair value of financial instruments (continued)

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) 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) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At December 31, 2018 and 2017, the Company had no financial instruments carried at fair value to classify in the fair value hierarchy.

#### Market risk

##### Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

##### Foreign exchange risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the Australian dollar and the Papua New Guinea kina. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

##### Sensitivity analysis

Based on management's knowledge and experience of the financial markets, management believes the following movements are "reasonably possible" over a one year period:

As at December 31, 2018, the Company held approximately \$36,071 (December 31, 2017 - \$nil) of cash balances denominated in Papua New Guinea kinas. As at December 31, 2018, the Company had accounts payable and accrued liabilities denominated in US dollars of \$27,090 (December 31, 2017 - \$12,196). A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately \$1,500 based on the balance of monetary assets and liabilities at December 31, 2018 (2017 - \$1,200).

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 5. Exploration and evaluation expenses

Transactions for the years ended December 31, 2018 on the Keveri project are as follows:

<b>2018</b>	\$
Accommodations	13,921
Accounting services	3,257
Administration	4,914
Assays	19,177
Field supplies	31,953
Geologists	75,567
In-country logistics	18,463
Communications	2,234
Option payments	124,068
Helicopter chartering	95,924
Other	829
Site meal services	13,630
Wages	33,789
Travel	24,215

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**461,941**

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#### **Keveri Property, Papua New Guinea**

Pursuant to an option and joint venture agreement with Papuan Mineral Pty Ltd. (PMPL) and its wholly owned subsidiary Papuan Miners Ltd. (PML) dated August 28, 2018, the Company acquired options to acquire 85% of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the licences which encompass the Keveri Project in Papua New Guinea.

The interest will be earned in two stages: To exercise the first option and earn a 51% interest in the Keveri Project, the Company must:

- (a) pay to PMPL \$129,000 AU (\$123,000) within 25 days of execution of the agreement (paid);
- (b) pay to PMPL \$100,000 AU (\$96,000) within six months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange ("Listing") (see note 12);
- (c) pay to PMPL \$200,000 AU (\$192,000) within twelve months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange;
- (d) fund a total of \$300,000 in exploration expenditures on the Keveri Project, within twelve months of Listing;
- (e) complete 3,000 of diamond drilling within 30 months of Listing;

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 5. Exploration and evaluation expenses (continued)

#### Keveri Property, Papua New Guinea (continued)

- (f) complete an equity financing of not less than \$3,000,000 AU (\$2,876,000), net of fees, upon Listing. Equity financing's completed prior to listing are included in the total;
- (g) pay to PMPL \$450,000 AU (\$432,000) in cash as follows:
  - (i) \$150,000 AU (\$144,000) upon Listing;
  - (ii) \$150,000 AU (\$144,000) within 12 months of Listing; and
  - (iii) \$150,000 AU (\$144,000) within 24 months of Listing.
- (h) pay to PMPL \$1,500,000 AU (\$1,438,000) in cash or in common shares of the Company with values as follows:
  - (i) \$500,000 AU (\$479,000) within 30 months of Listing; and
  - (iii) \$1,000,000 AU (\$959,000) within 36 months of Listing.
- (i) issue to PMPL shares of the Company with a value of \$600,000 AU (\$575,000) upon Listing;
- (j) from the Listing date, pay PMPL an annual option fee of \$150,000 AU (\$144,000) per year until the second option is completed; and
- (k) meet the exploration expenditure requirements to maintain the licences in good standing for a period of two years after listing on a recognized stock exchange and for a period of 12 months should the Company elect not to exercise the second option. Annual exploration expenditure requirements are approximately K60,000 (\$24,000).

To exercise the second option and earn a further 34% interest in the Keveri Project, the Company must:

- (a) complete 10,000 metres of diamond drilling during the period of the second option; and
- (b) make the following payments in cash or shares of the Company as follows:
  - a. \$500,000 AU (\$479,000) within 48 months of Listing
  - b. \$1,000,000 AU (\$959,000) within 60 months of Listing
  - c. \$1,500,000 AU (\$1,438,000) within 72 months of Listing

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 5. Exploration and evaluation expenses (continued)

#### Keveri Property, Papua New Guinea (continued)

The Company must pay the applicable ground rent and mineral right fees, which are payable to the Government of Papua New Guinea pursuant to the Prospecting License, and becoming due during the option period. The Company is also obligated to meet PML's statutory and administrative expenses during the option period. These costs are estimated to be approximately \$21,000 annually.

The Project is subject to a 2.0% net smelter royalty ("NSR Royalty") in the Keveri Property, 1/2 of which the Company has the right to purchase (1.0%) at any time for \$1,500,000.

The government of Papua New Guinea holds the right to acquire up to a 30% interest in the licences at any time prior to the commencement of mining by paying to the Company the prorata amount of accumulated exploration expenditures incurred. The government would then further contribute to the development on a prorata basis unless otherwise agreed.

### 6. Issued Capital

#### (i) Authorized

Authorized share capital consists of:

- (i) an unlimited number of voting and participating Class A shares without par value; and
- (ii) an unlimited number of non-voting and non-participating Class B shares without par value, redeemable for the amount paid for such shares.

#### (ii) Non-brokered private placements

On March 27, 2018, the Company issued 2,500,000 Class A shares at \$0.01 per share. Consideration was the extinguishment of accounts payable due to directors of \$25,000.

On April 4, 2018, the Company issued 833,333 Class A shares at \$0.03 per share to entities related to directors for cash consideration of \$25,000.

On August 14, 2018, the Company issued 2,078,236 Class A shares at \$0.051 per share. Consideration was the extinguishment of accounts payable due to directors of \$105,990.

On September 25, 2018, the Company issued 800,000 Class A shares at \$0.051 per share for cash consideration of \$40,800. The Company paid a finder's fee of \$2,856.

On September 27, 2018, the Company issued 1,000,000 Class A shares at \$0.051 per share for cash consideration of \$51,000. The Company paid a finder's fee of \$3,570.

On October 25, 2018, the Company issued 23,981,961 Class A shares at \$0.051 per share for cash consideration of \$1,223,080.

On November 30, 2018, the Company issued 300,000 Class A shares at \$0.051 per share for cash consideration of \$15,300.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 7. Equity reserves

	No. of options #	Weighted Average Exercise Price \$	Grant Date Fair Value of options \$
October 4, 2017	-	-	-
Granted/Expensed	-	-	-
December 31, 2017	-	-	-
Granted/Expensed	3,000,000	0.10	117,000
December 31, 2018	<b>3,000,000</b>	<b>0.10</b>	<b>117,000</b>

#### *Employee share option plan*

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company.

The following share option arrangements were in existence as at December 31, 2018:

Date Granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
October 4, 2018	3,000,000	3,000,000	0.10	October 3, 2022
	<b>3,000,000</b>	<b>3,000,000</b>	<b>0.10</b>	

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life years	Estimated grant date fair value \$
October 4, 2018	0	2.46	135	4 years	117,000



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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 8. Related party information

The following transactions were entered into with related parties during the periods ended December 31, 2018 and 2017:

	2018	2017
	\$	\$
With directors of the Company:		
Management fees	327,658	25,000
Share-based payments	105,300	-
Exploration and evaluation expenses	32,100	-
<b>Total</b>	<b>465,058</b>	<b>25,000</b>

Accounts payable and accrued liabilities as at December 31, 2018 include amounts owing to directors and officers in the amount of \$226,845 (December 31, 2017 - \$37,196). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In the April 4, 2018 non-brokered private placement described in note 6(ii), directors subscribed for 833,333 Class A shares for gross proceeds of \$25,000.

In the October 25, 2018 non-brokered private placement described in note 6(ii), a director subscribed for 2,700,000 Class A shares for gross proceeds of \$137,700.

Directors subscribed for all of the shares in the March 27, 2018 and August 14, 2018 non-brokered private placements described in note 6(ii) in exchange for the extinguishment of accounts payable totalling \$131,990.

### 9. Commitments and contingencies

The Company is party to consulting contract agreements with its president and secretary. These contracts have a term of two years, ending June 30, 2020. The contracts provide for monthly cash payments of \$12,000. In addition, the contracts provide for monthly share payments as follows:

- (i) July to November of 2018 - \$32,250 (see note 12)
- (ii) December 2018 to June 2019 - \$24,750 (see note 12)
- (iii) July 2019 to June 2020 - \$25,500

The monthly cash payments increase to \$37,500 upon the Company's shares being listed on a stock exchange. These arrangements may be terminated by the Company by paying six months of fees to the consultants.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 10. Income taxes

Provisions for income taxes

Major items causing the Company's income tax rate to differ from the combined Canadian Federal and Provincial statutory income tax rate of approximately 26.5% (2017 - 26.5%) approximate the following:

	2018	2017
	\$	\$
<b>Loss before income taxes</b>	<b>(1,002,366)</b>	<b>(44,876)</b>
Expected income tax benefit based on statutory rates	(265,000)	(13,000)
Adjustment to expected income tax benefit:		
Non deductible expenses	31,000	-
Benefit of tax losses not recognized	234,000	13,000
<b>Income tax expense (recovery)</b>	<b>-</b>	<b>-</b>

Deferred tax assets in Canada have not been recognized in respect of the following deductible temporary differences:

	December 31, 2018	December 31, 2017
	\$	\$
Non-capital losses carried forward	432,160	44,876
Share issue costs	17,003	-
Foreign exploration and evaluation costs	461,941	-
	<b>911,104</b>	<b>44,876</b>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The Company has approximately \$432,160 of non-capital losses in Canada which under certain circumstances can be used to reduce taxable income of future years. The amount and year of expiry of the losses are as follows:

	\$
2037	44,876
2038	387,284
	<b>432,160</b>

The Company has approximately \$462,000 of foreign exploration and development expenditures as at December 31, 2018 which under certain circumstances may be utilized to reduce taxable income of future years.

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# Golden Birch Resources Inc.

## Notes to the Financial Statements

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December 31, 2018 and 2017

(expressed in Canadian dollars unless otherwise noted)

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### 11. Capital management

The capital of the Company consists of common shares, treasury shares, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its 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 its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2017 or 2018.

### 12. Subsequent events

#### (a) Keveri Property

Subsequent to December 31, 2018 the Company made the payment of \$100,000 AU required pursuant to the Keveri Option and Joint Venture Agreement, as disclosed in note 5.

#### (b) Issuance of Class A shares

On April 24, 2019, the Company issued 4,535,000 Class A shares at \$0.10 per share for cash consideration of \$453,500.

On May 23, 2019, the Company issued 9,070,000 Class A shares at \$0.10 per share for cash consideration of \$907,000.

On June 30, 2019, the Company issued 14,955,000 Class A shares at \$0.10 per share for cash consideration of \$1,495,500.

On June 30, 2019, the Company issued 3,489,950 Class A shares at \$0.10 per share in exchange for extinguishment of accounts payable in the amount of \$348,995. This amount was due to directors of the Company pursuant to their consulting contracts.

On June 30, 2019, the Company issued 500,000 Class A shares at \$0.10 per share in consideration for additional contract services.

**Management's Discussion & Analysis of  
Golden Birch Resources Inc.  
for the year ended December 31, 2018**

**Golden Birch Resources Inc.**  
**Management's Discussion and Analysis**  
*Year Ended December 31, 2018*

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Golden Birch Resources Inc. ("Golden Birch" or the "Company") has been prepared by management as at July 3, 2019 and should be read in conjunction with the annual financial statements of the Company for the years ended December 31, 2018 and the period from incorporation (October 4, 2017) to December 31, 2017 (the "Financial Statements") and related notes.

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the interim Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date of and for the periods presented in the filings.

The Company's Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

## **Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: geological risks, limited operating history; inability to generate earnings or pay dividends for the foreseeable future; no current assets other than cash; uncertain ability to raise additional funds when required; reliance on a small number of key managers lacking backup; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits; ability to physically access and work the Company's property assets; availability of skilled labor; timing and amount of capital expenditures; future currency exchange and interest rates; and market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions and investor appetite for early stage exploration companies. See "Risks and Uncertainties".

Management provides forward-looking statements because they believe such statements deliver useful guidance and information to readers when considering their investment objectives. Though management believes such statements to be as accurate as possible in the context of the information available to management at the time in which they are made, management cautions readers that the guidance and information contained in such statements may rapidly be superseded by subsequent events. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments suggested by such forward-looking statement will be realized or, even if substantially realized, that they will have the expected results, or effects upon, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

## **Description of the Business**

Golden Birch was incorporated on October 4, 2017 under the Canada Business Corporations Act (the "Act"). The principal business of the Company is the acquisition, exploration and development of mineral property interests in Papua New Guinea. The Company is a private company incorporated in Canada with limited liability under the legislation of Canada. The Company's portfolio is comprised of an option to acquire an 85% interest in two mineral concessions located in Papua New Guinea, known as the Keveri Project (the "Keveri Project").

Both the registered and head office of the Company are located at 140 Cook's Lake Road, Timmins, ON P4R 0B7.

Pursuant to an option and joint venture agreement (the "Option Agreement") with Papuan Mineral Pty Ltd. ("PMPL") and its wholly owned subsidiary Papuan Miners Ltd. ("PML") dated August 28, 2018, the Company acquired options to acquire 85% of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the licenses which encompass the Keveri Project in Papua New Guinea.

The Company is in the exploration stage and is subject to the same risks and challenges as other companies in a comparable stage of development. These risks include, but are not limited to, the dependence on key individuals, successful exploration, and the ability to secure adequate financing to meet the minimum capital required to successfully complete its planned work programs on mineral properties. The financial statements for the year ended December 31, 2018, have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the Company's ability to dispose of its interests on an advantageous basis.

Golden Birch is at an early stage of operating, developing, exploring and acquiring gold properties and as is common with many small companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital of \$534,674 (December 31, 2017 - working capital deficit of \$(44,876)) at December 31, 2018. For the year ended December 31, 2018, the Company had a net loss and comprehensive loss of \$(1,002,366) (year ended December 31, 2017 - loss of \$(44,876)) and had cash outflows from operations of \$(544,030) (year ended December 31, 2017 - cash inflows of \$320). These circumstances cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

## Overall Performance

The Keveri Project is at an early stage of exploration. As such, the Company's only source of funds is derived from the issuance of equity, plus whatever interest it may earn from cash balances and the investment of that portion of the proceeds of such equity issuances not otherwise immediately required for exploration purposes, in short-term investments and money market instruments.

During the year ended December 31, 2018, the Company earned no revenue and reported a loss of \$(1,002,366) (year ended December 31, 2017 – a loss of \$(44,876)). Losses in the periods presented mainly represent exploration and evaluation expenditures, professional fees, management compensation and other general and administrative expenses.

## Selected Annual Financial Information

The following is a summary of exploration expenditures of the Keveri Project for the year ended December 31, 2018:

<b>Category</b>	<b>\$</b>
Accommodations	13,921
Accounting services	3,257
Administration	4,914
Assays	19,177
Field supplies	31,953
Geologists	75,567
In-country logistics	18,463
Communications	2,234
Option payments	124,068
Helicopter chartering	95,924
Other	829
Site meal services	13,630
Wages	33,789
Travel	24,215
<b>TOTAL</b>	<b>461,941</b>



**Golden Birch Resources Inc.**  
**Management's Discussion and Analysis**  
*Year Ended December 31, 2018*

Fiscal Year	2018 \$	2017 \$
Operating expenses	1,002,366	44,876
Loss from operations	1,002,366	44,876
Net loss for the year	1,002,366	44,876
Loss per share – basic and diluted	(0.05)	nil
<b>Total assets</b>	801,100	320
<b>Total liabilities</b>	266,426	45,196

## Results of Operations

### Three months ended December 31, 2018 compared to three month ended December 31, 2017:

Total operating expenses and net loss were \$714,050 for the three months ended December 31, 2018 compared to \$44,876 in the comparative period in 2017, an increase of \$669,174. The increase was the result of exploration activity on the Keveri Project.

General and administrative expenses totaled \$257,380 in the fourth quarter of 2018, compared to \$44,876 in the prior year period. The following is a summary of general and administrative expenses of the Company for the three months ended December 31, 2018 and 2017:

Category	Three months ended December 31,	
	2018 \$	2017 \$
Management fees	108,455	25,000
Professional fees	50,465	10,803
Share based payments	117,000	nil
All others	7,586	9,073
<b>TOTAL</b>	283,506	44,876

Management fees decreased in the three months ended December 31, 2018, compared with the same period in 2017, due to changes in the company's executive officer compensation packages.

Professional fees increased in 2018 relating to the cost of entering into the Keveri property agreement and the increased level of activity in the 2018 period.

Share based payments represent the Black Scholes value of the options granted in the three months ended December 31, 2018. No options were granted in the 2017 period.

### Year ended December 31, 2018 compared to year ended December 31, 2017

The net loss for the year ended December 31, 2018 was \$(1,002,366) compared to \$(44,876) for the year ended December 31, 2017. Expenditures on the Keveri Project totaled \$461,941 (2017 - \$nil).

Total operating expenses and net loss were \$(1,002,366) for the year ended December 31, 2018 compared to \$(44,876) in the comparative period in 2017, an increase of \$957,490.

The following is a summary of general and administrative expenses of the Company for the year months ended December 31, 2018 and 2017:

Category	Year ended December 31,	
	2018	2017

**Golden Birch Resources Inc.**  
**Management's Discussion and Analysis**  
Year Ended December 31, 2018

	\$	\$
Management fees	327,657	25,000
Professional fees	50,465	10,803
Share based payments	117,000	nil
All others	45,303	9,073
<b>TOTAL</b>	<b>540,425</b>	<b>44,876</b>

Management fees increased due to the fact that the company was incorporated in October of 2017 and entered into the Keveri property agreement in August of 2018 and therefore the 2017 figures do not reflect twelve months of activity.

Professional fees increased in 2018 due to the fact that the company was incorporated in October of 2017 and entered into the Keveri property agreement in August of 2018 and therefore the 2017 figures do not reflect twelve months of activity.

Share based payments represent the Black-Scholes value of the options granted in 2018. No options were granted in the year end December 31, 2017.

The following table sets out selected quarterly results of the Company for the five quarters prior to the effective date of this report from the date of incorporation of the Company. The information contained herein is drawn from the audited financial statements of the Company.

Calendar Year	2018	2018	2018	2018	2017
Quarter	December 31	September 30	June 30	March 31	December 31
Revenue	\$nil	\$nil	\$nil	\$nil	\$nil
Loss	\$(714,050)	\$(167,096)	\$(113,041)	\$(8,179)	\$(44,876)
Loss per Share (Basic)	\$(0.04)	\$(0.04)	\$(0.03)	\$nil	\$nil
Loss per Share (Diluted)	\$(0.04)	\$(0.04)	\$(0.03)	\$nil	\$nil

### Related Party Transactions

Golden Birch entered into the following transactions with related parties during the periods ended December 31, 2018 and 2017:

With Directors of the Company:	2018 \$	2017 \$
Management fees	327,658	25,000
Share-based Payments	105,300	nil
Exploration and evaluation expenses	32,100	nil
<b>TOTAL</b>	<b>465,058</b>	<b>25,000</b>

Accounts payable and accrued liabilities as at December 31, 2018 include amounts owing to directors and officers in the amount of \$226,845 (December 31, 2017 - \$37,196). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In the April 4, 2018 non-brokered private placement described in note 6(ii) to the financial statements, directors subscribed for 833,333 Class A shares for gross proceeds of \$25,000.

In the October 25, 2018 non-brokered private placement described in note 6(ii) to the financial statements, a director subscribed for 2,700,000 Class A shares for gross proceeds of \$137,700.

Directors subscribed for all of the shares in the March 27, 2018 and August 14, 2018 non-brokered private placements described in note 6(ii) to the financial statements for the extinguishment of accounts payable totalling \$131,990.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

## **Liquidity, Capital Resources, and Outlook**

The Company is an exploration-stage company and does not generate revenues. As such, it finances all of its operations and the exploration of its mineral properties entirely through the issuance of share capital. Although Golden Birch has been successful in its attempts to raise capital, there can be no assurance that its future efforts will likewise be successful. The mineral exploration business is high risk and the vast majority of exploration projects will not result in producing mines. The success of future financings will depend on a variety of factors including geological success – i.e. obtaining superior results from exploration; a positive investment climate encompassing strong metal prices, solid stock market conditions, and a “risk-on” appetite among investors; and the Company’s track record and the ability and experience of management. If such financing is unavailable, Golden Birch may be unable to retain its mineral interests and execute its business plans.

As at December 31, 2018, the Company had working capital of \$534,674 compared to \$(44,876) at December 31, 2017.

Notwithstanding considerable uncertainty in the global economic outlook, management has been encouraged by market interest in the Company’s properties and its proposed exploration plans. Markets appear receptive and management views the outlook for 2019 as promising. Accordingly, subject to Exchange and regulatory approvals, the Company intends to seek a listing on the Canadian Securities Exchange.

## **Off-Balance Sheet Arrangements**

The Company had no off-balance sheet arrangements as at December 31, 2018.

## **Critical Accounting Estimates and Policies**

The Company’s significant accounting policies and the adoption of new accounting policies are disclosed in Note 3 to the annual financial statements prepared for the year ended December 31, 2018.

Critical accounting estimates used in the preparation of the financial statements include the Company’s estimate of the value of stock-based compensation and income tax accounts. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company’s control and will depend on a variety of factors, including the market value of the Company’s shares and financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mineral exploration properties and associated deferred exploration and evaluation expenses is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

## **Future Accounting Changes**

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after January 1, 2019. These include:

IAS 1 – *Presentation of Financial Statements* (“IAS 1”) and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – *Business Combinations* (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRIC 23 – *Uncertainty Over Income Tax Treatments* (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.

### **New IFRS standards adopted:**

IFRS 9 – *Financial Instruments* (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 was early adopted by the Company since incorporation.

## **Financial Instruments & Risks**

The Company's financial instruments consist of cash and accounts payable and accrued liabilities.

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### **Credit Risk**

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash has been invested with reputable financial institutions from which management believes the risk of loss to be remote.

### **Liquidity Risk**

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, 2018, the Company had a cash balance of \$789,216 (December 31, 2017 - \$nil) to settle current liabilities of \$266,426 (December 31, 2017 - \$45,196). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Interest Rate Risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

### **Price Risk**

Price risk with respect to commodity prices is remote since the Company is not a producing entity.

### **Foreign Currency Risk**

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the Australian dollar and the Papua New Guinea kina. The Company is therefore subject to losses due to fluctuations in these currencies relative to the Canadian dollar.

### **Commodity price risk**

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

## **Commitments and Contingencies**

The Company is party to consulting contract agreements with its president and secretary. These contracts have a term of two years, ending June 30, 2020. The contracts provide for monthly cash payments of \$12,000. In addition, the contracts provide for monthly share payments as follows:

- (i) July to November of 2018 - \$32,250;
- (ii) December 2018 to June 2019 - \$24,750; and

(iii) July 2019 to June 2020 - \$25,500.

The monthly cash payments increase to \$37,500 upon the Company's shares being listed on a stock exchange. These arrangements may be terminated by the Company by paying six months of fees to the consultants.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## **Capital Management**

The capital of the Company consists of common shares, treasury shares, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its 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 its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2017 or 2018.

The Company's Keveri Project is in the exploration stage and it has neither revenues nor profits. As such the Company is wholly dependent on external financing to fund its planned exploration programs and administration costs. The Company will therefore spend its existing working capital and raise additional amounts when conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) ensuring cost-effective deployment of existing funds, generally through competitive bidding;
- (ii) avoiding project "overstretch" – i.e. too many properties and projects, and too many commitments;
- (iii) minimizing discretionary disbursements;
- (iv) reducing or eliminating exploration expenditures that are of limited value;
- (v) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;  
and
- (vi) exploring alternative sources of liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not presently subject to any capital requirements imposed by a regulator or lending institution body. The Company expects that its current capital resources are sufficient to discharge its liabilities as at December 31, 2018. Subject to Exchange and Regulatory approvals, the Company intends to seek listing of its shares on the Canadian Securities Exchange in 2019.

## **Disclosure of Outstanding Share Data (as at July 3, 2019)**

The following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

**Common Shares**

Authorized: Unlimited number of common shares. Outstanding: 64,073,480 common shares.

**Options**

A summary of the Company's options outstanding and exercisable at July 3, 2019 is presented below:

Exercise price	Options outstanding	Options exercisable	Expiry date
\$0.10	3,000,000	3,000,000	October 3, 2022
\$0.25	3,154,995	3,154,995	June 30, 2023
<b>Total</b>	<b>6,154,995</b>	<b>6,154,995</b>	

**Events after the Reporting Period**

**Keveri Project**

Subsequent to December 31, 2018, the Company made the payment of \$100,000 AU required pursuant to the Option Agreement.

**Issuance of Class A Shares**

On April 24, 2019, the Company issued 4,535,000 Class A shares at \$0.10 per share for cash consideration of \$453,500.

On May 23, 2019, the Company issued 9,070,000 Class A shares at \$0.10 per share for cash consideration of \$907,000.

On June 30, 2019, the Company issued 14,985,000 Class A shares at \$0.10 per share for cash consideration of \$1,495,500.

On June 30, 2019, the Company issued 3,489,950 Class A shares at \$0.10 per share in exchange for extinguishment of accounts payable in the amount of \$348,995. This amount was due to directors of the Company pursuant to their consulting contracts.

On June 30, 2019, the Company issued 500,000 Class A shares at \$0.10 per share in consideration for additional contract services.

**Risks and Uncertainties**

The Company's securities should be considered high risk and highly speculative due to the nature of its business.

*Substantial Number of Authorized but Unissued Shares*

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

#### *Dilution*

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the Common Shares. If the Company issues Common Shares from its treasury for financing purposes, control of the Company may change and purchasers may suffer additional dilution.

#### *No Market for Securities*

There is currently no market through which any of the Common Shares, may be sold and there is no assurance that such securities of the Company will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Common Shares are listed on a stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained after completion of the Offering. The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

#### *Negative Cash Flow from Operating Activities*

The Company has no history of earnings and had negative cash flow from operating activities since inception. The Keveri Property is in the exploration stage and there are no known mineral resources or reserves and the proposed exploration program on the Keveri Property is exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Keveri Property will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

#### *Current Market Volatility*

The securities markets in the United States and Canada have recently 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 market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

#### *Use of Funds*

The Company has prepared a detailed budget setting out the way in which it proposes to expend the funds. However, the quantum and timing of expenditure will necessarily be dependent upon receiving positive results from the Company's exploration activities on the Keveri Property. As the Company conducts its exploration program, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilise part of its financial resources to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value.

#### *No Production History*

The Keveri Property is not a producing property and its ultimate success will depend on its operating ability to generate cash flow from producing properties in the future. The Company has not generated any revenue to date and there is no assurance that it will do so in the future. The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of the exploration programs that the Company proposes to undertake.



### *Limited Operating History*

The Company has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Company will be able to raise the required funds to continue these activities.

### *Exploration, Mining and Operational Risks*

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Keveri Property does not have any known mineral resources or reserves and the proposed exploration and drilling programs are an exploratory search for such mineral resources or reserves.

The Company's operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

### *Mining Claims*

The operations of the Company will require licenses and permits from various governmental authorities in Papua New Guinea ("PNG"). There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out the exploration and development of its projects in a timely manner or at all.

The activities of the Company will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, a gold export license, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company intends to carry out its activities in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

The Company's operations will also be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties.

There are several permits required for mining operations in PNG, including:

- License to keep, store or possess explosives;
- Permit for persons using explosives;
- Conveyance of explosives and dangerous goods;
- License to keep, or register premises to store inflammable liquids;

- Approval to recruit non-citizens;
- Gold export license;
- Export consignment form;
- Establishing foreign bank accounts to meet exchange control requirements;
- Tax clearance certificates for transfer of funds out of PNG.

The Company does not have any of these permits in a current or useable form, and will be required to apply for and obtain all necessary permits as required to mine, process and sell product. There is no guarantee the Company will be able to obtain the necessary permits in a timely manner or at all. Delays in obtaining permits could materially delay the Company's operations, and failure to obtain any necessary permit could materially restrict the Company's future operations.

#### *Country Risks*

The Company's mineral properties are located in and its activities will be conducted in PNG and as such the Company will be exposed to various levels of political, economic and other risks and uncertainties associated with carrying on business in PNG. These risks include but are not limited to, political instability, an unpredictable legal system, civil unrest, inconsistent and unsophisticated land tenure system, government land policy and government ownership of or participation in mining projects, high levels of corruption, significant delays in permitting and approvals, fluctuations in currency exchange rates, high rates of inflation, excessive import duties and taxes on the importation of equipment, expropriation and nationalization, restrictions on foreign ownership, possible future restrictions on foreign exchange and repatriation, changes in taxation, labour and mining regulations and policies, and changing political conditions, currency controls, and government regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ local citizens.

Changes, if any, in mining or investment policies, or shifts in political attitude in PNG, may adversely affect the Company's operations or profitability. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications, and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

One potential cost of care and maintenance to be incurred by the Company will be for security personnel. The Company will have to maintain a minimum level of security to protect its assets and personnel; however, there is no guarantee that such measures will provide an adequate level of protection for the Company.

#### *Corruption and Bribery*

The Company must comply with anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act as well as similar laws in the countries in which the Company conducts its business. Such laws apply to all directors, officers, employees, consultants and agents of the Company and each subsidiary thereof. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company, which may have a material adverse effect on it.

#### *Mining Decision*

The Company may choose to initiate mining operations on any part of the Keveri Property, without basing its production decision on a feasibility study, pre-feasibility study, preliminary economic assessment or mining study of mineral reserves demonstrating economic and technical viability, and therefore be subject to a higher risk of uncertainty. There is no assurance, given all of the known and potentially unknown risks associated with the Keveri Property that the Company will be able to profitably carry on mining operations. In addition, there is no assurance continued exploration of the Keveri Property will demonstrate adequate additional mineralization which can be mined economically, such that mining operations on the Keveri Property may not be sustainable beyond currently estimated resources.

### *Royalties*

The PNG Mining Act 1992 provides that all minerals at or below the surface of any land are the property of the State. As a result, the tenements underlying the Keveri Property are subject to royalties and interests in favour of the government of PNG in accordance with that Act. The holder of a mining lease or a special mining lease under that Act is required to pay a royalty to the State equal to 2% of either: (i) the free on board value of the minerals, if they are exported without smelting or refining in PNG; or (ii) the net smelter return from the minerals, if they are smelted or refined in PNG. In addition to royalty costs, the PNG government also imposes a second cost on mining project in PNG in the form of a 0.25% levy of mine revenue.

### *State Participation Right*

Generally the PNG government has the right to participate in mining operations by acquiring up to a 30% interest in a mining licence. It is uncertain whether the PNG government will choose to exercise this right with regards to the Keveri Property, however the risk remains that the government could seek to impose and exercise such right, which could result in, among other things, material and costly negotiations as to the fair market value of such right and the terms of payment. Upon exercise of the government's option, the state would fund its share of capital and ongoing costs and the Company repaid its share of sunk costs.

### *Foreign Enterprise Carrying on Business in PNG*

Foreign companies carrying on business in PNG are required to obtain a certificate under the Investment Promotion Act (PNG) permitting such activity. Papuan Minerals Ltd. had the necessary certificate under that Act, however there is a requirement for foreign companies to recertify in the event of a change in the ownership, shareholder or beneficial ownership or control of the foreign enterprise. The Company will be required to seek recertification under that Act upon exercise of the Company's option to acquire of 51% of the shares of Papuan Minerals Ltd. pursuant to the Keveri Option Agreement. There is no assurance such re-certifications will be granted, failure of which will adversely impact on, or may preclude, the Company's ability to carry on business in PNG.

### *Assurance of Title*

The Company has taken all reasonable steps to attempt to ensure that proper title to the Keveri Property has been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Company, there is no guarantee that title to such Keveri Property will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

### *Possible Loss of Interests in Keveri Property*

The Keveri Option Agreement pursuant to which the Company acquired its interest in the Keveri Property requires the Company to make a series of payments in cash and to issue Common Shares over certain time periods and expend certain minimum amounts on the exploration of the Keveri Property. If the Company fails to make such payments or expenditures within the prescribed time periods, the Company may lose its interest in the Keveri Property without any recourse.

### *Possible Failure to Obtain Mining Licenses*

Even if the Company does complete the required exploration activities on the Keveri Property, it may not be able to obtain the necessary licences or permits to conduct mining operations, and thus would realize no benefit from such exploration activities.

### *Competition*

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

### *Conflicts of Interest*

Some of the Company's directors and officers act as directors and/or officers of other mineral exploration companies. As such, the Company's directors and officers may be faced with conflicts of interests when evaluating alternative mineral exploration opportunities. In addition, the Company's directors and officers may prioritize the business affairs of another Company over the affairs of the Company.

### *Personnel*

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration program on the Keveri Property. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

### *Volatility of Commodity Prices*

The market prices of commodities are volatile and are affected by numerous factors, which are beyond the Company's control. These factors include international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, as well as a range of other market forces. Sustained downward movements in commodity prices could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Company.

### *Environmental Risks and Other Regulatory Requirements*

Inherent with mining operations is an environmental risk. The current or future operations of the Company, including exploration and development activities and commencement of production on the Keveri Property, require permits from various governmental authorities. Such operations are governed by laws and regulations that govern prospecting, mining, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production as a result of needing to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company requires for future, exploration, development, construction and operation of mining facilities and the conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on the operations of the Company.

The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the Republic of PNG.

### *Uninsured Risks*

The Company, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or

against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks as such insurance is either unavailable or uneconomic at this time. The Company also currently has no key man insurance or property insurance as such insurance is uneconomical at this time. The Company will obtain such insurance once it is available and, in the opinion of the Board, economical to do so. The Company may incur a liability to third parties (in excess of any insurance coverage) arising from pollution or other damage or injury.

The Company is not insured against most environmental risks. Insurance against environmental risks has not been generally available to companies within the mining and exploration industry. Without such insurance, and if the Company does become subject to environmental liabilities, the costs of such liabilities would reduce or eliminate the Company's available funds or could result in bankruptcy. Should the Company be unable to fully fund the remedial costs of an environmental problem, it may be required to enter into interim compliance measures pending completion of the required remedy.

#### *Health and Safety Risks*

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on the Keveri Property or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

#### *Tax Issues*

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

#### *Additional Requirements for Capital*

Substantial additional financing will be required if the Company is to be successful in pursuing its ultimate strategy of discovering and extracting mineral resources. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in the Keveri Property, incur financial penalties, or reduce or terminate its operations.

#### *Smaller Companies*

The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

#### *Liquidity of the Common Shares*

Listing on the Exchange should not be taken as implying that there will be a liquid market for the Common Shares. Thus, an investment in the Common Shares may be difficult to realise. Investors should be aware that the value of the Common Shares may be volatile. Investors may, on disposing of Common Shares, realise less than their original investment, or may lose their entire investment. The Common Shares, therefore, may not be suitable as a short-term investment.

The market price of the Common Shares may not reflect the underlying value of the Company's net assets. The price at which the Common Shares will be traded, and the price at which investors may realise their Common Shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some that may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Company, and general market and economic conditions.

*General*

Although management believes that the above risks fairly and comprehensively illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the years presented.

The Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures ("**DC&P**") or its internal control over financial reporting ("**ICFR**"). There are inherent limitations on the ability of the certifying officers of the Company to design and implement on a cost effective basis DC&P and ICFR for the Company, which may result in risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports required under applicable securities legislation.

### **Additional Information**

Additional information relating to the Company will be available in the near future at [www.goldenbirchresources.ca](http://www.goldenbirchresources.ca).

**Unaudited Interim Financial Statements of  
Golden Birch Resources Inc.  
for the nine months ended September 30, 2019**

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**Golden Birch Resources Inc.**

**Unaudited Condensed Interim Financial Statements**

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**September 30, 2019 and 2018**

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## **Golden Birch Resources Inc.**

### **Index to Unaudited Condensed Interim Financial Statements**

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## Golden Birch Resources Inc.

### Unaudited Condensed Interim Balance Sheet

Expressed in Canadian Dollars

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As at,	September 30, December 31,	
	2019	2018
	\$	\$
<b>Assets</b>		
<b>Current:</b>		
Cash	1,616,271	789,216
Prepaid expenses	35,706	11,884
Total current assets	1,651,977	801,100
Equipment, <i>note 6</i>	22,137	-
<b>Total Assets</b>	<b>1,674,114</b>	<b>801,100</b>
<b>Liabilities</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities, <i>note 9</i>	207,013	266,426
Share subscriptions, <i>note 12d</i>	405,500	-
Total current liabilities	612,513	266,426
<b>Total Liabilities</b>	<b>612,513</b>	<b>266,426</b>
<b>Shareholders' Equity</b>		
Issued capital, <i>note 7</i>	4,688,550	1,464,916
Equity reserves, <i>note 8</i>	351,000	117,000
Deficit	(3,977,949)	(1,047,242)
<b>Total Shareholders' Equity</b>	<b>1,061,601</b>	<b>534,674</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,674,114</b>	<b>801,100</b>

Going concern, commitments and contingencies, *notes 1, 5 and 10*

Subsequent events, *note 12*

See accompanying notes to the unaudited condensed interim financial statements.

Approved on behalf of the Board:

"Alan Martin" Director

"Iain Martin" Director

## Golden Birch Resources Inc.

### Unaudited Condensed Interim Statements of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Issued Capital \$	Equity reserves \$	Deficit \$	Total equity \$
<b>December 31, 2017</b>	-	-	-	(44,876)	(44,876)
Non-brokered private placement, net of issuance costs	2,633,333	106,697	-	-	106,697
Shares issued in settlement of account payable	4,578,236	130,990	-	-	130,990
Loss for nine months	-	-	-	(397,976)	(397,976)
<b>September 30, 2018</b>	7,211,569	237,687	-	(442,852)	(205,165)
Non-brokered private placement, net of issuance costs	24,281,961	1,227,229	-	-	1,227,229
Share based payments	-	-	117,000	-	117,000
Loss for three months	-	-	-	(604,390)	(604,390)
<b>December 31, 2018</b>	<b>31,493,530</b>	<b>1,464,916</b>	<b>117,000</b>	<b>(1,047,242)</b>	<b>534,674</b>
Non-brokered private placement, net of issuance costs	28,590,000	2,824,639	-	-	2,824,639
Shares issued for additional contract services	500,000	50,000	-	-	50,000
Shares issued in settlement of accounts payable	3,489,950	348,995	-	-	348,995
Share based payments	-	-	234,000	-	234,000
Loss for nine months	-	-	-	(2,930,707)	(2,930,707)
<b>September 30, 2019</b>	<b>64,073,480</b>	<b>4,688,550</b>	<b>351,000</b>	<b>(3,977,949)</b>	<b>1,061,601</b>

See accompanying notes to the unaudited condensed interim financial statements.

## Golden Birch Resources Inc.

### Unaudited Condensed Interim Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

For the three months ended September 30...	2019	2018		
For the nine months ended September 30...			2019	2018
	\$	\$	\$	\$
<b>Expenses:</b>				
Management fees, <i>note 9</i>	97,340	108,942	332,306	219,203
Consulting services, <i>note 9</i>	-	-	7,805	-
Exploration and evaluation expenses, <i>note 5</i>	618,452	131,878	1,997,447	141,057
Foreign exchange loss	7,790	-	24,166	-
General exploration	-	-	5,000	-
Insurance	2,728	-	5,584	-
Investor relations	9,316	-	18,833	-
Office and general	14,408	2,285	26,439	2,305
Professional fees, <i>note 9</i>	104,764	30,166	226,683	31,926
Share based payments, <i>note 8</i>	-	-	234,000	-
Travel	20,404	3,485	47,947	3,485
Amortization	630	-	4,497	-
	<b>875,832</b>	<b>276,756</b>	<b>2,930,707</b>	<b>397,976</b>
<b>Net and comprehensive loss for the period</b>	<b>(875,832)</b>	<b>(276,756)</b>	<b>(2,930,707)</b>	<b>(397,976)</b>
<b>Net loss per common share:</b>				
- basic	(0.01)	(0.06)	(0.06)	(0.15)
- diluted	(0.01)	(0.06)	(0.06)	(0.15)
<b>Weighted average common shares outstanding</b>				
- basic	<b>64,073,480</b>	<b>4,471,127</b>	<b>44,848,330</b>	<b>2,642,285</b>
- diluted	<b>64,073,480</b>	<b>4,471,127</b>	<b>44,848,330</b>	<b>2,642,285</b>

See accompanying notes to the unaudited condensed interim financial statements.

## Golden Birch Resources Inc.

### Unaudited Condensed Interim Statements of Cash Flows

Expressed in Canadian Dollars

For the three months ended September 30...	2019	2018		
For the nine months ended September 30...			2019	2018
	\$	\$	\$	\$
<b>Cash was provided by (used for):</b>				
<b>Operating activities:</b>				
Net loss for the period	(875,832)	(276,756)	(2,930,707)	(397,976)
Items not affecting cash:				
Shares issued for consulting and advisory services	-	105,990	398,995	130,990
Amortization	630	-	4,497	-
Share-based payments	-	-	234,000	-
	<b>(875,202)</b>	<b>(170,766)</b>	<b>(2,293,215)</b>	<b>(266,986)</b>
Cash was provided by (used to finance) changes in the following working capital items:				
Amounts receivable	-	(51,000)	-	(55,960)
Prepaid expenses	33,670	-	(23,821)	-
Accounts payable and accrued liabilities	(41,251)	5,948	(59,413)	91,209
	<b>(7,581)</b>	<b>(45,052)</b>	<b>(83,234)</b>	<b>35,249</b>
Net cash used in operating activities	<b>(882,783)</b>	<b>(215,818)</b>	<b>(2,376,449)</b>	<b>(231,737)</b>
<b>Investing activities:</b>				
Equipment additions	(5,307)	-	(26,634)	-
Net cash used in investing activities	<b>(5,307)</b>	<b>-</b>	<b>(26,634)</b>	<b>-</b>
<b>Financing activities:</b>				
Share subscriptions	405,500	1,049,580	405,500	1,049,580
Non-brokered private placement	-	91,800	2,859,000	116,800
Issue costs	-	(10,103)	(34,362)	(10,103)
Net cash provided by financing activities	<b>405,500</b>	<b>1,131,277</b>	<b>3,230,138</b>	<b>1,156,277</b>
<b>Change in cash</b>	<b>(482,590)</b>	<b>915,459</b>	<b>827,055</b>	<b>924,540</b>
Cash, beginning of period	2,098,861	9,081	789,216	-
<b>Cash, end of period</b>	<b>1,616,271</b>	<b>924,540</b>	<b>1,616,271</b>	<b>924,540</b>

See accompanying notes to the unaudited condensed interim financial statements.

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 1. Nature of operations and going concern

Golden Birch Resources Inc. (the "Company" or "Golden Birch Resources Inc.") was incorporated on October 4, 2017 under the Canada Business Corporations Act (the "Act"). The principal business of the Company is the acquisition, exploration and development of mineral property interests in Papua New Guinea. The Company is a private company incorporated in Canada with limited liability under the legislation of Canada. The head office is located at 140 Cook's Lake Road, Timmins, Ontario P4R 0B7.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration and evaluation activities is dependant upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, aboriginal claims, social license requirements and non-compliance with regulatory requirements.

The Company had a net loss of \$2,930,707 (2018 - \$397,976) for the period ended September 30, 2019 and had an accumulated deficit of \$3,977,949 (2018 - \$1,047,242) and working capital of \$1,039,464 (2018 - working capital of \$534,674) as at September 30, 2019. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and/or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 2. Basis of presentation

- (a) Statement of compliance with International Financial Reporting Standards

These condensed interim financial statements are prepared in compliance with IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended December 31, 2018.

- (b) Basis of preparation

These financial statements have been prepared on a historical cost basis.

#### Current accounting changes

During 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRIC 23, uncertainty over income tax treatments. These new standards and changes did not have any material impact on the Company's financial statements.

#### Future Accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The Company is currently evaluating the impact of these new standards on the Company's financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2018.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2018. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the period ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019.

The significant accounting policies followed in these condensed interim financial statements are consistent with those applied in the Corporation's audited annual financial statements for the year ended December 31, 2018.

### 4. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

#### Credit risk

The Company's credit risk is primarily attributable to cash and term deposits. The Company has no significant concentration of credit risk arising from operations. Cash and term deposits have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

#### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash balance of \$1,616,271 (December 31, 2018 - \$789,216) to settle current liabilities of \$612,513 (December 31, 2018 - \$266,426). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

#### Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

#### Price risk

Price risk with respect to commodity prices is remote since the Company is not a producing entity.



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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 4. Financial risk factors (continued)

#### Fair value of financial instruments

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet 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 judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at September 30, 2019 and 2018, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) 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) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At September 30, 2019 and 2018, the Company had no financial instruments carried at fair value to classify in the fair value hierarchy.

#### Market risk

##### Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

##### Foreign exchange risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the Australian dollar and the Papua New Guinea kina. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

##### Sensitivity analysis

Based on management's knowledge and experience of the financial markets, management believes the following movements are "reasonably possible" over a one year period:

As at September 30, 2019, the Company held approximately \$7,330 (December 31, 2018 - \$nil) of cash balances denominated in Papua New Guinea kinas. As at September 30, 2019, the Company had accounts payable and accrued liabilities denominated in US dollars of \$7,300 (December 31, 2018 - \$nil), Australian dollars of \$11,159 (December 31, 2018 - \$nil), and Papua New Guinea Kinas of \$32,533 (December 31, 2018 - \$nil). A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately \$2,500 based on the balance of monetary assets and liabilities at September 30, 2019 (2018 - \$nil).

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 5. Exploration and evaluation expenses

Transactions for the period ended September 30, 2019 and the year ended December 31, 2018 on the Keveri project are as follows:

<b><u>2019</u></b>	\$
Accommodations	47,630
Accounting services	22,341
Administration	5,840
Assays	54,627
Communications	19,443
Field supplies	70,846
Geologists	215,598
Geophysics services	18,044
Helicopter chartering	361,477
In-country logistics	125,798
Option payments	279,115
Other	39,121
Sampling	33,325
Site meal services	40,658
Technical report	326,498
Travel	52,622
Wages	284,464
	<b>1,997,447</b>

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<b><u>2018</u></b>	\$
Accommodations	13,921
Accounting services	3,257
Administration	4,914
Assays	19,177
Field supplies	31,953
Geologists	75,567
In-country logistics	18,463
Communications	2,234
Option payments	124,068
Helicopter chartering	95,924
Other	829
Site meal services	13,630
Travel	24,215
Wages	33,789
	<b>461,941</b>

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 5. Exploration and evaluation expenses (continued)

#### Keveri Property, Papua New Guinea

Pursuant to an option and joint venture agreement with Papuan Mineral Pty Ltd. (PMPL) and its wholly owned subsidiary Papuan Miners Ltd. (PML) dated August 28, 2018, the Company acquired options to acquire 85% of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the licences which encompass the Keveri Project in Papua New Guinea.

The interest will be earned in two stages: To exercise the first option and earn a 51% interest in the Keveri Project, the Company must:

- (a) pay to PMPL \$129,000 AU (\$123,000) within 25 days of execution of the agreement (paid);
- (b) pay to PMPL \$100,000 AU (\$96,000) within six months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange ("Listing") (paid);
- (c) pay to PMPL \$200,000 AU (\$192,000) within twelve months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange (paid);
- (d) fund a total of \$300,000 in exploration expenditures on the Keveri Project, within twelve months of Listing;
- (e) complete 3,000 of diamond drilling within 30 months of Listing;
- (f) complete an equity financing of not less than \$3,000,000 AU (\$2,876,000), net of fees, upon Listing. Equity financings completed prior to listing are included in the total;
- (g) pay to PMPL \$450,000 AU (\$432,000) in cash as follows:
  - (i) \$150,000 AU (\$144,000) upon Listing;
  - (ii) \$150,000 AU (\$144,000) within 12 months of Listing or by the issuance of Common Shares (at the Company's election) at the volume-weighted average price for trading of Common Shares on a recognized stock exchange immediately preceding their issue; and
  - (iii) \$150,000 AU (\$144,000) within 24 months of Listing or by the issuance of Common Shares (at the Company's election) at the volume-weighted average price for trading of Common Shares on a recognized stock exchange immediately preceding their issue.
- (h) pay to PMPL \$1,500,000 AU (\$1,438,000) in cash or in common shares of the Company with values as follows:
  - (i) \$500,000 AU (\$479,000) within 30 months of Listing; and
  - (iii) \$1,000,000 AU (\$959,000) within 36 months of Listing.
- (i) issue to PMPL shares of the Company with a value of \$600,000 AU (\$575,000) upon Listing;

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 5. Exploration and evaluation expenses (continued)

#### Keveri Property, Papua New Guinea (continued)

- (j) from the Listing date, pay PMPL an annual option fee of \$150,000 AU (\$144,000) per year until the second option is completed; and
- (k) meet the exploration expenditure requirements to maintain the licences in good standing for a period of two years after listing on a recognized stock exchange and for a period of 12 months should the Company elect not to exercise the second option. Annual exploration expenditure requirements are approximately K60,000 (\$24,000).

To exercise the second option and earn a further 34% interest in the Keveri Project, the Company must:

- (a) complete 10,000 metres of diamond drilling during the period of the second option; and
- (b) make the following payments in cash or shares of the Company as follows:
  - a. \$500,000 AU (\$479,000) within 48 months of Listing
  - b. \$1,000,000 AU (\$959,000) within 60 months of Listing
  - c. \$1,500,000 AU (\$1,438,000) within 72 months of Listing

The Company must pay the applicable ground rent and mineral right fees, which are payable to the Government of Papua New Guinea pursuant to the Prospecting License, and becoming due during the option period. The Company is also obligated to meet PML's statutory and administrative expenses during the option period. These costs are estimated to be approximately \$21,000 annually.

The Project is subject to a 2.0% net smelter royalty ("NSR Royalty") in the Keveri Property, 1/2 of which the Company has the right to purchase (1.0%) at any time for \$1,500,000.

The government of Papua New Guinea holds the right to acquire up to a 30% interest in the licences at any time prior to the commencement of mining by paying to the Company the prorata amount of accumulated exploration expenditures incurred. The government would then further contribute to the development on a prorata basis unless otherwise agreed.

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## Golden Birch Resources Inc.

### Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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#### 6. Equipment

	Computer hardware	Furniture and equipment	Total
	\$	\$	\$
Cost December 31, 2018	-	-	-
Additions	19,045	7,589	26,634
September 30, 2019	19,045	7,589	26,634
Accumulated depreciation			
December 31, 2018	-	-	-
Charges for the period	3,928	569	4,497
September 30, 2019	3,928	569	4,497
Net book value			
September 30, 2019	15,117	7,020	22,137
Net book value			
December 31, 2018	-	-	-

#### 7. Issued Capital

(i) Authorized

Authorized share capital consists of:

- (i) an unlimited number of voting and participating Class A shares without par value; and
- (ii) an unlimited number of non-voting and non-participating Class B shares without par value, redeemable for the amount paid for such shares.

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 7. Issued Capital (continued)

(ii) Non-brokered private placements

On March 27, 2018, the Company issued 2,500,000 Class A shares at \$0.01 per share. Consideration was the extinguishment of accounts payable due to directors of \$25,000.

On April 4, 2018, the Company issued 833,333 Class A shares at \$0.03 per share to entities related to directors for cash consideration of \$25,000.

On August 14, 2018, the Company issued 2,078,236 Class A shares at \$0.051 per share. Consideration was the extinguishment of accounts payable due to directors of \$105,990.

On September 25, 2018, the Company issued 800,000 Class A shares at \$0.051 per share for cash consideration of \$40,800. The Company paid a finder's fee of \$2,856.

On September 27, 2018, the Company issued 1,000,000 Class A shares at \$0.051 per share for cash consideration of \$51,000. The Company paid a finder's fee of \$3,570.

On October 25, 2018, the Company issued 23,981,961 Class A shares at \$0.051 per share for cash consideration of \$1,223,080.

On November 30, 2018, the Company issued 300,000 Class A shares at \$0.051 per share for cash consideration of \$15,300.

On April 24, 2019, the Company issued 4,535,000 Class A shares at \$0.10 per share for cash consideration of \$453,500.

On May 23, 2019, the Company issued 9,070,000 Class A shares at \$0.10 per share for cash consideration of \$907,000.

On June 30, 2019, the Company issued 14,985,000 Class A shares at \$0.10 per share for cash consideration of \$1,498,500.

On June 30, 2019, the Company issued 3,489,950 Class A shares at \$0.10 per share in exchange for extinguishment of accounts payable in the amount of \$348,995. This amount was due to directors of the Company pursuant to their consulting contracts.

On June 30, 2019, the Company issued 500,000 Class A shares at \$0.10 per share in consideration for additional contract services.

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 8. Equity reserves

	No. of options #	Weighted Average Exercise Price \$	Grant Date Fair Value of options \$
December 31, 2017	-	-	-
Granted/Expensed	3,000,000	0.10	117,000
December 31, 2018	<b>3,000,000</b>	<b>0.10</b>	<b>117,000</b>
Granted/Expensed	3,154,995	0.25	234,000
September 30, 2019	<b>6,154,995</b>	<b>0.18</b>	<b>351,000</b>

#### *Employee share option plan*

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company. The options vest on the date of grant.

The following share option arrangements were in existence as at September 30, 2019:

Date granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
October 4, 2018	3,000,000	3,000,000	0.10	October 3, 2022
June 30, 2019	3,154,995	3,154,995	0.25	June 30, 2023

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Date granted	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value \$
October 4, 2018	0	2.46	135	4 years	117,000
June 30, 2019	0	2.46	135	4 years	234,000

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 9. Related party information

The following transactions were entered into with related parties during the nine month periods ended September 30, 2019 and 2018:

	2019	2018
	\$	\$
With directors of the Company:		
Management fees	332,306	219,203
Share-based payments	178,374	-
Exploration and evaluation expenses	72,000	-
<b>Total</b>	<b>582,680</b>	<b>219,203</b>

Accounts payable and accrued liabilities as at September 30, 2019 include amounts owing to directors and officers in the amount of \$79,162 (December 31, 2018 - \$226,845). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In the April 4, 2018 non-brokered private placement described in note 7(ii), directors subscribed for 833,333 Class A shares for gross proceeds of \$25,000.

In the October 25, 2018 non-brokered private placement described in note 7(ii), a director subscribed for 2,700,000 Class A shares for gross proceeds of \$137,700.

Directors subscribed for all of the shares in the March 27, 2018 and August 14, 2018 non-brokered private placements described in note 7(ii) in exchange for the extinguishment of accounts payable totalling \$131,990.

Directors subscribed for all of the shares in the June 30, 2019 non-brokered private placement described in note 7(ii) in exchange for the extinguishment of accounts payable totalling \$398,955.

See note 7(ii).

### 10. Commitments and contingencies

The Company is party to consulting contract agreements with its president and secretary. These contracts have a term of two years, ending June 30, 2020. The contracts provide for monthly cash payments of \$12,000 to May 31, 2019 and \$14,000 commencing June 30, 2019. In addition, the contracts provide for monthly share payments of \$25,500 for July 2019 to June 2020.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.



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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 11. Capital management

The capital of the Company consists of common shares and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its 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 its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2018 or 2019.

### 12. Subsequent events

#### (a) Keveri Property

The Keveri Option and Joint Venture Agreement was amended to recognize a non offering prospectus as a qualifying transaction for listing of the Company's securities on a stock exchange.

#### (b) Issuance of Class A shares

On October 1, 2019, the Company issued 470,000 Class A shares at \$0.15 per share in exchange for extinguishment of accounts payable in the amount of \$70,500. This amount was due to directors of the Company pursuant to their consulting contracts.

#### (c) Consulting Contract Agreements

Effective October 1, 2019 the Company amended the consulting agreement with the Company president to provide for annual fee of \$175,000. In addition, the president shall receive stock options as determined by the board of directors pursuant to the Company stock option plan.

Effective October 1, 2019 the Company cancelled the consulting agreement with the Company chief administrative officer and entered into an employment agreement with the chief administrative officer to provide for annual fee of \$175,000. In addition, the chief administrative officer shall receive stock options as determined by the board of directors pursuant to the Company stock option plan.

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# Golden Birch Resources Inc.

## Notes to the Unaudited Condensed Interim Financial Statements

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September 30, 2019 and 2018

(expressed in Canadian dollars unless otherwise noted)

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### 12. Subsequent events (continued)

#### (d) Issuance of Special Warrants

Effective October 21, 2019, the Company issued 5,679,666 special warrants at \$0.15 per warrant for aggregate consideration of \$851,950. Each special warrant is exercisable into one common share of the Company on the earlier of the date of a liquidity event and the October 21, 2021. A liquidity event means (a) an initial public offering of the common shares which are listed on a stock exchange, securities market or quotation system in North America or (b) a merger, amalgamation, plan of arrangement, take-over bid, reverse take-over, sale of all or substantially all of the assets of the Company. The common shares underlying the special warrants are subject to a four month hold period.

The Company had received \$405,500 in cash related to this financing as at September 30, 2019.

#### (e) Grant of stock options

On October 21, 2019, the Company granted 394,965 stock options to directors of the Company and 320,000 stock options to 9 consultants of the Company, which options are exercisable into common shares of the Company at a price of \$0.15 per share. The grant of these options is contingent upon the exercise of the special warrants disclosed above. Subject to the rules of the TSX Venture Exchange and the Company's stock option plan, the options vest in four equal instalments, being at the date of grant and the end of each six-month period ended thereafter, and have a term of five years.

**Management's Discussion & Analysis of  
Golden Birch Resources Inc.  
for the nine months ended September 30, 2019**

**Golden Birch Resources Inc.**

**Management's Discussion and Analysis**

*Nine Months Ended September 30, 2019*

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Golden Birch Resources Inc. ("Golden Birch" or the "Company") has been prepared by management as at December 9, 2019 and should be read in conjunction with the interim financial statements of the Company for the nine months ended September 30, 2019 and September 30, 2018 (the "Financial Statements") and related notes.

The Financial Statements have been prepared by management in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the interim Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date of and for the periods presented in the filings.

The Company's Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

## **Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: geological risks, limited operating history; inability to generate earnings or pay dividends for the foreseeable future; no current assets other than cash; uncertain ability to raise additional funds when required; reliance on a small number of key managers lacking backup; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits; ability to physically access and work the Company's property assets; availability of skilled labor; timing and amount of capital expenditures; future currency exchange and interest rates; and market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions and investor appetite for early stage exploration companies. See "Risks and Uncertainties".

Management provides forward-looking statements because they believe such statements deliver useful guidance and information to readers when considering their investment objectives. Though management believes such statements to be as accurate as possible in the context of the information available to management at the time in which they are made, management cautions readers that the guidance and information contained in such statements may rapidly be superseded by subsequent events. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments suggested by such forward-looking statement will be realized or, even if substantially realized, that they will have the expected results, or effects upon, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

## **Description of the Business**

Golden Birch was incorporated on October 4, 2017 under the Canada Business Corporations Act (the "Act"). The principal business of the Company is the acquisition, exploration and development of mineral property interests in Papua New Guinea. The Company is a private company incorporated in Canada with limited liability under the legislation of Canada. The Company's portfolio is comprised of an option to acquire an 85% interest in two mineral concessions located in Papua New Guinea, known as the Keveri Project (the "Keveri Project").

Both the registered and head office of the Company are located at 140 Cook's Lake Road, Timmins, ON P4R 0B7.

Pursuant to an option and joint venture agreement (the "Option Agreement") with Papuan Mineral Pty Ltd. ("PMPL") and its wholly owned subsidiary Papuan Miners Ltd. ("PML") dated August 28, 2018, the Company acquired options to acquire 85% of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the licenses which encompass the Keveri Project in Papua New Guinea.

The Company is in the exploration stage and is subject to the same risks and challenges as other companies in a comparable stage of development. These risks include, but are not limited to, the dependence on key individuals, successful exploration, and the ability to secure adequate financing to meet the minimum capital required to successfully complete its planned work programs on mineral properties. The financial statements for the period ended September 30, 2019, have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the Company's ability to dispose of its interests on an advantageous basis.

Golden Birch is at an early stage of operating, developing, exploring and acquiring gold properties and as is common with many small companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital of \$1,039,464 at September 30, 2019. For the nine months ended September 30, 2019, the Company had a net loss and comprehensive loss of \$(2,930,707) (nine months ended September 30, 2018 - loss of \$(397,976)) and had cash outflows from operations of \$(2,376,448) (nine months ended September 30, 2018 - cash outflows of \$(231,737)). These circumstances cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

### Highlights – Q3 September 30, 2019

On July 26, 2019 the Company made the payment of \$200,000 AU to PMPL as required pursuant to the Option Agreement.

On August 1, 2019, the Company received the technical report (prepared in accordance with National Instrument 43-101 – *Standard of Disclosure for Mineral Projects*) on the Keveri Project (the "Technical Report").

### Overall Performance

The Keveri Project is at an early stage of exploration. As such, the Company's only source of funds is derived from the issuance of equity, plus whatever interest it may earn from cash balances and the investment of that portion of the proceeds of such equity issuances not otherwise immediately required for exploration purposes, in short-term investments and money market instruments.

During the nine months ended September 30, 2019, the Company earned no revenue and reported a loss of \$(2,930,707) (nine months ended September 30, 2018 – a loss of \$(397,976)). Losses in the periods presented mainly represent exploration and evaluation expenditures, professional fees, management compensation and other general and administrative expenses.

### Selected Quarterly Financial Information

The following is a summary of exploration expenditures of the Keveri Project for the nine months ended September 30, 2019 and 2018:

Category	Nine months ended September 30,	
	2019 \$	2018 \$
Accommodations	47,630	nil
Accounting services	22,341	nil
Administration	5,840	nil
Assays	54,627	nil
Communications	19,443	nil
Field supplies	70,846	nil
Geologists	215,598	nil
Technical report	326,498	nil
Helicopter chartering	361,477	nil
In-country logistics	125,798	nil
Option payments	279,115	124,068
Other	39,121	1,467

**Golden Birch Resources Inc.**  
**Management's Discussion and Analysis**  
*Nine Months Ended September 30, 2019*

Sampling	33,325	8,021
Site meal services	40,658	nil
Geophysics services	18,044	nil
Travel	52,622	7,501
Wages	284,464	nil
<b>TOTAL</b>	<b>1,997,447</b>	<b>141,057</b>

The Company commenced exploration on the Keveri property in late August 2018, therefore comparative figures reflect one month of activity.

Reporting Period	Three months Ended September 30, 2019	Three months Ended September 30, 2018
Operating expenses	\$875,832	\$276,756
Loss from operations	(875,832)	(276,756)
Net loss for the year	(875,832)	(276,756)
Loss per share – basic and diluted	(0.01)	(0.06)
<b>Total assets</b>	<b>1,674,114</b>	<b>36,909</b>
<b>Total liabilities</b>	<b>612,513</b>	<b>141,133</b>

## Results of Operations

### Nine months ended September 30, 2019 compared to nine months ended September 30, 2018:

Total operating expenses and net loss were \$(2,930,707) for the nine months ended September 30, 2019 compared to \$(397,976) in the comparative period in 2018, an increase of \$2,532,731.

The following is a summary of general and administrative expenses of the Company for the nine months ended September 30, 2019 and 2018:

Category	Nine months ended September 30,	
	2019 \$	2018 \$
Management fees	332,306	219,203
Foreign exchange loss	24,166	nil
Professional fees	226,683	31,926
Share based payments	234,000	nil
Travel	47,947	3,485
All others	68,158	2,305
<b>TOTAL</b>	<b>933,260</b>	<b>256,919</b>

Management fees increased due to the fact that the company entered into the Keveri property agreement in August of 2018 and therefore the 2018 figures do not reflect nine months of activity.

The increase in the foreign exchange loss reflects the fact that the company commenced working on the Keveri property in August of 2018 and therefore the 2018 figures do not reflect nine months of activities.

Professional fees increased in 2019 relating to the company's work to seek a listing for the company's shares.



**Golden Birch Resources Inc.**  
**Management's Discussion and Analysis**  
*Nine Months Ended September 30, 2019*

Share based payments represent the Black-Scholes value of the options granted in 2019. No options were granted in the nine-month period ended September 30, 2018.

Travel costs increased in the nine-month period ended September 30, 2019 compared with the same period in 2018 as the company entered into the Keveri property agreement in August of 2018 and therefore the 2018 figures do not reflect nine months of activity.

**Three months ended September 30, 2019 compared to three months ended September 30, 2018:**

General and administrative expenses totaled \$257,380 in the third quarter of 2019, compared to \$144,878 in the prior year period. The following is a summary of general and administrative expenses of the Company for the three months ended September 30, 2019 and 2018:

Category	Three months ended September 30,	
	2019 \$	2018 \$
Management fees	97,340	108,942
Professional fees	104,764	30,166
Travel	20,404	3,485
All others	34,872	2,285
<b>TOTAL</b>	<b>257,380</b>	<b>144,878</b>

Management fees decreased in the three months ended September 30, 2019, compared with the same period in 2018, due to changes in the company's executive officer compensation packages.

Professional fees increased in 2019 relating to the company's work to seek a listing for the company's shares.

Travel costs increased in the three-month period ended September 30, 2019 compared with the same period in 2018 as the company entered into the Keveri property agreement in August of 2018 and therefore the 2018 figures do not reflect three months of activity.

The following table sets out selected quarterly results of the Company for the seven quarters prior to the effective date of this report from the date of incorporation of the Company. The information contained herein is drawn from the unaudited interim financial statements of the Company.

Calendar Year	2019	2019	2019	2018
Quarter	September 30	June 30	March 31	December 31
Revenue	\$nil	\$nil	\$nil	\$nil
Loss	\$(875,832)	\$(1,411,768)	\$(643,108)	\$(604,390)
Loss per Share (Basic)	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.03)
Loss per Share (Diluted)	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.03)

Calendar Year	2018	2018	2018	2017
Quarter	September 30	June 30	March 31	December 31
Revenue	\$nil	\$nil	\$nil	\$nil
Loss	\$(276,576)	\$(113,041)	\$(8,179)	\$(44,876)
Loss per Share (Basic)	\$(0.06)	\$(0.03)	\$nil	\$nil
Loss per Share (Diluted)	\$(0.06)	\$(0.03)	\$nil	\$nil

Notes:

(1) Net loss per share on a diluted basis is the same as basic net loss per share as all factors which were considered in the calculation are anti-dilutive.

## Related Party Transactions

Golden Birch entered into the following transactions with related parties during the nine month periods ended September 30, 2019 and September 30, 2018:

<b>With Directors of the Company:</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Management fees paid to the Company's CEO	150,000	145,640
Management fees paid to the Company's CAO	182,306	73,563
Share-based Payments made to the Company's CEO	55,626	nil
Share-based Payments made to the Company's CAO	106,060	nil
Share-based Payments made to David Drinkwater, a director of the Company	16,688	nil
Exploration and evaluation expenses paid to the Company's CEO	72,000	nil
<b>TOTAL</b>	<b>582,680</b>	<b>219,203</b>

Accounts payable and accrued liabilities as at September 30, 2019 include amounts owing to directors and officers in the amount of \$79,162 (December 31, 2018 - \$226,845). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In the April 4, 2018 non-brokered private placement described in note 7(ii) to the interim financial statements, directors subscribed for 833,333 Class A shares for gross proceeds of \$25,000.

In the October 25, 2018 non-brokered private placement described in note 7(ii) to the interim financial statements, a director subscribed for 2,700,000 Class A shares for gross proceeds of \$137,700.

Directors subscribed for all of the shares in the March 27, 2018 and August 14, 2018 non-brokered private placements described in note 7(ii) to the interim financial statements in exchange for the extinguishment of accounts payable totalling \$131,990.

Directors subscribed for all of the shares in the June 30, 2019 non-brokered private placement described in note 7(ii) to the interim financial statements in exchange for extinguishment of accounts payable totalling \$398,955.

The directors of the company are the chairman of the board, Mr. David Drinkwater, the chief executive officer, Mr. Alan Martin, and the chief administrative officer, Mr. Iain Martin.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

## Liquidity, Capital Resources, and Outlook

The Company is an exploration-stage company and does not generate revenues. As such, it finances all of its operations and the exploration of its mineral properties entirely through the issuance of share capital. Although Golden Birch has to date been successful in its attempts to raise capital, there can be no assurance that its future efforts will likewise be successful. The mineral exploration business is high risk and the vast majority of exploration projects will not result in producing mines. The success of future financings will depend on a variety of factors including geological success – i.e. obtaining superior results from exploration; a positive investment climate encompassing strong metal prices, solid stock market conditions, and a “risk-on” appetite among investors; and the Company's track record and the ability and experience of management. If such financing is unavailable, Golden Birch may be unable to retain its mineral interests and execute its business plans.

As at September 30, 2019, the Company had working capital of \$1,039,464.

Notwithstanding considerable uncertainty in the global economic outlook, management has been encouraged by market interest in the Company's properties and its proposed exploration plans. Markets appear receptive and management views the outlook for 2019 as promising. Accordingly, subject to Exchange and regulatory approvals, the Company intends to seek a listing on the Canadian Securities Exchange.

## **Off-Balance Sheet Arrangements**

The Company had no off-balance sheet arrangements as at September 30, 2019.

## **Critical Accounting Estimates and Policies**

The Company's significant accounting policies and the adoption of new accounting policies are disclosed in Notes 2(b) and 3 to the interim financial statements prepared for the nine months ended September 30, 2019.

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the value of stock-based compensation and income tax accounts. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

## **Future Accounting Changes**

The Company has not yet adopted certain new International Financial Reporting Standards ("IFRS") standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after January 1, 2020. These include:

*IAS 1 – Presentation of Financial Statements* ("IAS 1") and *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

*IFRS 3 – Business Combinations* ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

***New IFRS standards adopted:***

During 2019, the Company adopted certain new IFRS standards, amendments and interpretations to existing standards. These included IFRIC 23 – *Uncertainty Over Income Tax Treatments* (“IFRIC 23”). There was no impact to the financial statements as a result of the adoption of these new standards.

IFRIC 23 – *Uncertainty Over Income Tax Treatments* (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.

**Financial Instruments & Risk**

The Company's financial instruments consist of cash, accrued liabilities and share subscriptions.

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

***Credit Risk***

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash has been invested with reputable financial institutions from which management believes the risk of loss to be remote.

***Liquidity Risk***

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash balance of \$1,616,271 (December 31, 2018 - \$789,216) to settle current liabilities of \$612,513 (December 31, 2018 - \$266,426). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

***Interest Rate Risk***

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

***Price Risk***

Price risk with respect to commodity prices is remote since the Company is not a producing entity.

### **Foreign Currency Risk**

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the Australian dollar and the Papua New Guinea kina. The Company is therefore subject to losses due to fluctuations in these currencies relative to the Canadian dollar.

### **Commodity price risk**

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

### **Commitments and Contingencies**

As of October 1, 2019, the Company is party to consulting contract agreements with its Chief Executive Officer and an employment contract with its Chief Administrative Officer. The contracts provide for monthly cash payments of \$14,583 each.

These arrangements may be terminated by the Company without specifying any cause, at any time upon providing the party thereto with the greater of twelve (12) months' notice or pay in lieu, plus one (1) month's notice or pay in lieu for each completed year of service under the Consulting Agreement to a combined maximum of twenty-four (24) months, or the minimum amount of notice or pay in lieu required by *Employment Standards Act (Ontario)*.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### **Capital Management**

The capital of the Company consists of Class A shares ("Class A Shares"), treasury shares, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its 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 its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2018 or 2019.

The Company's Keveer Project is in the exploration stage and it has neither revenues nor profits. As such the Company is wholly dependent on external financing to fund its planned exploration programs and administration costs. The Company will therefore spend its existing working capital and raise additional amounts when conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) ensuring cost-effective deployment of existing funds, generally through competitive bidding;
- (ii) avoiding project "overstretch" – i.e. too many properties and projects, and too many commitments;
- (iii) minimizing discretionary disbursements;
- (iv) reducing or eliminating exploration expenditures that are of limited value;

- (v) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns; and
- (vi) exploring alternative sources of liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not presently subject to any capital requirements imposed by a regulator or lending institution body. The Company expects that its current capital resources are sufficient to discharge its liabilities as at September 30, 2019. Subject to Exchange and Regulatory approvals, the Company intends to seek listing of its shares on the Canadian Securities Exchange in 2019.

### **Disclosure of Outstanding Share Data (as at December 9, 2019)**

The following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

#### ***Class A Shares***

Authorized: Unlimited number of Class A Shares. Outstanding: 64,543,480 Class A Shares.

#### ***Options***

A summary of the Company's options outstanding and exercisable at December 9, 2019 is presented below:

<b>Exercise price</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Expiry date</b>
\$0.10	3,000,000	3,000,000	October 3, 2022
\$0.25	3,154,995	3,154,995	June 30, 2023
<b>Total</b>	<b>6,154,995</b>	<b>6,154,995</b>	

### **Events after the Reporting Period**

#### ***Issuance of Class A Shares***

On October 1, 2019, the Company issued 470,000 Class A shares at \$0.15 per share in exchange for extinguishment of accounts payable in the amount of \$70,500. This amount was due to directors of the Company pursuant to their consulting contracts.

#### ***Consulting Contract Agreements***

Effective October 1, 2019 the Company amended the consulting agreement with the Company president to provide for annual fee of \$175,000. In addition, the president shall receive stock options as determined by the board of directors pursuant to the Company stock option plan.

Effective October 1, 2019 the Company cancelled the consulting agreement with the Company Chief Administrative Officer and entered into an employment agreement with the Chief Administrative Officer to provide for annual fee of \$175,000. In addition, the Chief Administrative Officer shall receive stock options as determined by the board of directors pursuant to the Company stock option plan.

#### ***Issuance of Special Warrants***

Effective October 21, 2019, the Company issued 5,679,666 special warrants at \$0.15 per warrant for aggregate consideration of \$851,950. Each special warrant is exercisable into one Class A Share of the Company on the earlier of the date of a liquidity event and the October 21, 2021. A liquidity event means (a) an initial public offering of the Class A Shares which are listed on a stock exchange, securities market

or quotation system in North America or (b) a merger, amalgamation, plan of arrangement, take-over bid, reverse take-over, sale of all or substantially all of the assets of the Company. The Class A Shares underlying the special warrants are subject to a four month hold period.

### ***Grant of Stock Options***

On October 21, 2019, the Company granted 394,965 stock options to directors of the Company and 320,000 stock options to 9 consultants of the Company, which options are exercisable into Class A Shares of the Company at a price of \$0.15 per share. The grant of these options is contingent upon the exercise of the special warrants disclosed above. Subject to the rules of the TSX Venture Exchange and the Company's stock option plan, the options vest in four equal instalments, being at the date of grant and the end of each six-month period ended thereafter, and have a term of five years.

### ***Keveri Project***

On November 3, 2019, the Company, PMPL and PML entered into an amending agreement (the "Amending Agreement") whereby the Option Agreement was amended to recognize a non-offering prospectus as a qualifying transaction for listing of the Company's securities on a stock exchange.

### ***Preliminary Prospectus***

On November 7, 2019, the Company filed a non-offering preliminary prospectus to the Ontario Securities Commission.

## **Risks and Uncertainties**

The Company's securities should be considered high risk and highly speculative due to the nature of its business.

### ***Substantial Number of Authorized but Unissued Shares***

The Company has an unlimited number of Class A Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

### ***Dilution***

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the Class A Shares. If the Company issues Class A Shares from its treasury for financing purposes, control of the Company may change and purchasers may suffer additional dilution.

### ***No Market for Securities***

There is currently no market through which any of the Class A Shares may be sold, and there is no assurance that such securities of the Company will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Class A Shares are listed on a stock exchange, holders of the Class A Shares may not be able to sell their Class A Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Class A Shares will develop or be sustained after completion of the Offering. The holding of Class A Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Class A Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

### ***Negative Cash Flow from Operating Activities***

The Company has no history of earnings and had negative cash flow from operating activities since inception. The Keveri Property is in the exploration stage and there are no known mineral resources or reserves and the proposed exploration program on the Keveri Property is exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Keveri Property will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

### ***Current Market Volatility***

The securities markets in the United States and Canada have recently 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 market for the Class A Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Class A Shares distributed hereunder will be affected by such volatility.

### ***Use of Funds***

The Company has prepared a detailed budget setting out the way in which it proposes to expend the funds. However, the quantum and timing of expenditure will necessarily be dependent upon receiving positive results from the Company's exploration activities on the Keveri Property. As the Company conducts its exploration program, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilise part of its financial resources to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value.

### ***No Production History***

The Keveri Property is not a producing property and its ultimate success will depend on its operating ability to generate cash flow from producing properties in the future. The Company has not generated any revenue to date and there is no assurance that it will do so in the future. The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of the exploration programs that the Company proposes to undertake.

### ***Limited Operating History***

The Company has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Company will be able to raise the required funds to continue these activities.

### ***Exploration, Mining and Operational Risks***

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Keveri Property does not have any known mineral resources or reserves and the proposed exploration and drilling programs are an exploratory search for such mineral resources or reserves.

The Company's operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected



formations, formation pressures, fires, power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

### ***Mining Claims***

The operations of the Company will require licenses and permits from various governmental authorities in Papua New Guinea ("PNG"). There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out the exploration and development of its projects in a timely manner or at all.

The activities of the Company will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, a gold export license, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company intends to carry out its activities in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

The Company's operations will also be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties.

There are several permits required for mining operations in PNG, including:

- License to keep, store or possess explosives;
- Permit for persons using explosives;
- Conveyance of explosives and dangerous goods;
- License to keep, or register premises to store inflammable liquids;
- Approval to recruit non-citizens;
- Gold export license;
- Export consignment form;
- Establishing foreign bank accounts to meet exchange control requirements;
- Tax clearance certificates for transfer of funds out of PNG.

The Company does not have any of these permits in a current or useable form, and will be required to apply for and obtain all necessary permits as required to mine, process and sell product. There is no guarantee the Company will be able to obtain the necessary permits in a timely manner or at all. Delays in obtaining permits could materially delay the Company's operations, and failure to obtain any necessary permit could materially restrict the Company's future operations.

### ***Country Risks***

The Company's mineral properties are located in and its activities will be conducted in PNG and as such the Company will be exposed to various levels of political, economic and other risks and uncertainties associated with carrying on business in PNG. These risks include but are not limited to, political instability, an unpredictable legal system, civil unrest, inconsistent and unsophisticated land tenure system,

government land policy and government ownership of or participation in mining projects, high levels of corruption, significant delays in permitting and approvals, fluctuations in currency exchange rates, high rates of inflation, excessive import duties and taxes on the importation of equipment, expropriation and nationalization, restrictions on foreign ownership, possible future restrictions on foreign exchange and repatriation, changes in taxation, labour and mining regulations and policies, and changing political conditions, currency controls, and government regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ local citizens.

Changes, if any, in mining or investment policies, or shifts in political attitude in PNG, may adversely affect the Company's operations or profitability. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications, and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

One potential cost of care and maintenance to be incurred by the Company will be for security personnel. The Company will have to maintain a minimum level of security to protect its assets and personnel; however, there is no guarantee that such measures will provide an adequate level of protection for the Company.

### ***Corruption and Bribery***

The Company must comply with anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act as well as similar laws in the countries in which the Company conducts its business. Such laws apply to all directors, officers, employees, consultants and agents of the Company and each subsidiary thereof. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company, which may have a material adverse effect on it.

### ***Mining Decision***

The Company may choose to initiate mining operations on any part of the Keveri Property, without basing its production decision on a feasibility study, pre-feasibility study, preliminary economic assessment or mining study of mineral reserves demonstrating economic and technical viability, and therefore be subject to a higher risk of uncertainty. There is no assurance, given all of the known and potentially unknown risks associated with the Keveri Property that the Company will be able to profitably carry on mining operations. In addition, there is no assurance continued exploration of the Keveri Property will demonstrate adequate additional mineralization which can be mined economically, such that mining operations on the Keveri Property may not be sustainable beyond currently estimated resources.

### ***Royalties***

The PNG Mining Act 1992 provides that all minerals at or below the surface of any land are the property of the State. As a result, the tenements underlying the Keveri Property are subject to royalties and interests in favour of the government of PNG in accordance with that Act. The holder of a mining lease or a special mining lease under that Act is required to pay a royalty to the State equal to 2% of either: (i) the free on board value of the minerals, if they are exported without smelting or refining in PNG; or (ii) the net smelter return from the minerals, if they are smelted or refined in PNG. In addition to royalty costs, the PNG government also imposes a second cost on mining project in PNG in the form of a 0.25% levy of mine revenue.

### ***State Participation Right***

Generally the PNG government has the right to participate in mining operations by acquiring up to a 30% interest in a mining licence. It is uncertain whether the PNG government will choose to exercise this right with regards to the Keveri Property, however the risk remains that the government could seek to impose and exercise such right, which could result in, among other things, material and costly negotiations as to the fair market value of such right and the terms of payment. Upon exercise of the government's option, the state would fund its share of capital and ongoing costs and the Company repaid its share of sunk costs.

### ***Foreign Enterprise Carrying on Business in PNG***

Foreign companies carrying on business in PNG are required to obtain a certificate under the Investment Promotion Act (PNG) permitting such activity. Papuan Minerals Ltd. had the necessary certificate under that Act, however there is a requirement for foreign companies to recertify in the event of a change in the ownership, shareholder or beneficial ownership or control of the foreign enterprise. The Company will be required to seek recertification under that Act upon exercise of the Company's option to acquire of 51% of the shares of Papuan Minerals Ltd. pursuant to the Keveri Option Agreement. There is no assurance such re-certifications will be granted, failure of which will adversely impact on, or may preclude, the Company's ability to carry on business in PNG.

### ***Assurance of Title***

The Company has taken all reasonable steps to attempt to ensure that proper title to the Keveri Property has been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Company, there is no guarantee that title to such Keveri Property will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

### ***Possible Loss of Interests in Keveri Property***

The Keveri Option Agreement pursuant to which the Company acquired its interest in the Keveri Property requires the Company to make a series of payments in cash and to issue Class A Shares over certain time periods and expend certain minimum amounts on the exploration of the Keveri Property. If the Company fails to make such payments or expenditures within the prescribed time periods, the Company may lose its interest in the Keveri Property without any recourse.

### ***Possible Failure to Obtain Mining Licenses***

Even if the Company does complete the required exploration activities on the Keveri Property, it may not be able to obtain the necessary licences or permits to conduct mining operations, and thus would realize no benefit from such exploration activities.

### ***Competition***

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

### ***Conflicts of Interest***

Some of the Company's directors and officers act as directors and/or officers of other mineral exploration companies. As such, the Company's directors and officers may be faced with conflicts of interests when evaluating alternative mineral exploration opportunities. In addition, the Company's directors and officers may prioritize the business affairs of another Company over the affairs of the Company.

### ***Personnel***

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration program on the Keveri Property. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

### ***Volatility of Commodity Prices***

The market prices of commodities are volatile and are affected by numerous factors, which are beyond the Company's control. These factors include international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, as well as a range of other market forces. Sustained downward movements in commodity prices could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Company.

### ***Environmental Risks and Other Regulatory Requirements***

Inherent with mining operations is an environmental risk. The current or future operations of the Company, including exploration and development activities and commencement of production on the Keveri Property, require permits from various governmental authorities. Such operations are governed by laws and regulations that govern prospecting, mining, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production as a result of needing to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company requires for future, exploration, development, construction and operation of mining facilities and the conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on the operations of the Company.

The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the Republic of PNG.

### ***Enforcement of Judgments Against Foreign Persons or Companies***

Many of the Company's assets are located outside of Canada. In addition, many of the officers, directors, experts, and service providers identified in this prospectus are resident outside of Canada. It may not be possible for investors to effect service of process within Canada. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### ***Uninsured Risks***

The Company, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks as such insurance is either unavailable or uneconomic at this time. The Company also currently has no key man insurance or property insurance as such insurance is uneconomical at this time. The Company will obtain such insurance once it is available and, in the opinion of the Board, economical to do so. The Company may incur a liability to third parties (in excess of any insurance coverage) arising from pollution or other damage or injury.

The Company is not insured against most environmental risks. Insurance against environmental risks has not been generally available to companies within the mining and exploration industry. Without such insurance, and if the Company does become subject to environmental liabilities, the costs of such liabilities would reduce or eliminate the Company's available funds or could result in bankruptcy. Should the

Company be unable to fully fund the remedial costs of an environmental problem, it may be required to enter into interim compliance measures pending completion of the required remedy.

### ***Health and Safety Risks***

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on the Keveri Property or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

### ***Tax Issues***

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

### ***Additional Requirements for Capital***

Substantial additional financing will be required if the Company is to be successful in pursuing its ultimate strategy of discovering and extracting mineral resources. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in the Keveri Property, incur financial penalties, or reduce or terminate its operations.

### ***Smaller Companies***

The share price of publicly traded smaller companies can be highly volatile. The value of the Class A Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Class A Shares.

### ***Liquidity of the Class A Shares***

Listing on the Exchange should not be taken as implying that there will be a liquid market for the Class A Shares. Thus, an investment in the Class A Shares may be difficult to realise. Investors should be aware that the value of the Class A Shares may be volatile. Investors may, on disposing of Class A Shares, realise less than their original investment, or may lose their entire investment. The Class A Shares, therefore, may not be suitable as a short-term investment.

The market price of the Class A Shares may not reflect the underlying value of the Company's net assets. The price at which the Class A Shares will be traded, and the price at which investors may realise their Class A Shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some that may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the Class A Shares, liquidity or the absence of liquidity in the Class A Shares, legislative or regulatory changes relating to the business of the Company, and general market and economic conditions.

**General**

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

**Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the years presented.

The Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures ("**DC&P**") or its internal control over financial reporting ("**ICFR**"). There are inherent limitations on the ability of the certifying officers of the Company to design and implement on a cost effective basis DC&P and ICFR for the Company, which may result in risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports required under applicable securities legislation."

**Additional Information**

Additional information relating to the Company will be available in the near future at [www.goldenbirchresources.ca](http://www.goldenbirchresources.ca).