HEADWATER GOLD INC.
(the "Company")

FORM 2A – LISTING STATEMENT

The table below provides the corresponding section to page numbers between the Canadian Securities Exchange Form 2A Listing Statement and the Company's final long form prospectus dated May 26, 2021 (the "**Final Prospectus**") filed under the Company's profile on SEDAR (www.sedar.com), a copy of which is attached hereto as Appendix "A".

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APPENDIX “A”

Final Prospectus

[*See attached*]

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account of benefit of, any U.S Persons.*

FINAL PROSPECTUS

NEW ISSUE **May 26, 2021**

HEADWATER GOLD INC

11,629,212 Common Shares issuable upon deemed exercise of 11,629,212 outstanding Subscription Receipts

This prospectus (the "**Prospectus**") is being filed by Headwater Gold Inc. ("**Headwater**" or the "**Company**") with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario to qualify for distribution the common shares in the capital of the Company (the "**Qualified Shares**") issuable for no additional consideration upon deemed exercise of 11,629,212 subscription receipts of the Company (the "**Subscription Receipts**") issued on February 11, 2021 at a price of $0.35 (the "**Offering Price**") per Subscription Receipt to purchasers in certain provinces of Canada on a non-brokered private placement basis pursuant to prospectus exemptions under applicable securities legislation and in jurisdictions outside of Canada in compliance with laws applicable to each subscriber, respectively (the "**Private Placement**"). See "*Plan of Distribution*".

The Subscription Receipts are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Common Shares.

The gross proceeds from the sale of the Subscription Receipts pursuant to the Private Placement in the amount of $4,070,224 (the "**Escrowed Funds**") were deposited in escrow and are held by the Company in a separate interest-bearing account, with such Escrowed Funds not to be released until the satisfaction of the Escrow Release Conditions (as defined herein) at which time the Escrowed Funds together with interest earned thereon will be accessible by the Company. The Company will use the Escrowed Funds for exploration and development expenditures, investor relations, general and administrative and other costs and for general working capital purposes. See "*Use of Available Funds*"**.**

The Subscription Receipts were issued by the Company at the Offering Price and entitle the holder thereof to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Subscription Receipt Certificate (as defined herein). The conversion of the Subscription Receipts to Common Shares is anticipated to occur on the completion of certain conditions, specifically (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the CSE that the Issuer has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts.

There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts acquired pursuant to the Private Placement. 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*".

The Company intends to apply to list its Common Shares on the Canadian Securities Exchange (the "**CSE**"). The CSE has not approved the listing of the Common Shares. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE, including minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares. The Common Shares have not been listed or quoted on any other stock exchange or market.

An investment in Common Shares of the Company is highly speculative due to various factors, including the nature and stage of development of the business of the Company. An investment in these securities should only be made by persons who can afford the total loss of their investment. See "*Risk Factors*".

As of 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. Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of Qualified Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Qualified Shares.

Prospective investors should rely only on the information contained in this Prospectus. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

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.

Each of: (i) Caleb Stroup, the President, Chief Executive Officer and a director of the Company; and (ii) Tero Kosonen, a director of the Company, reside outside of Canada and has appointed the following agent for service of process:

Name of Agent	Address of Agent
DuMoulin Black LLP	10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5

Purchasers are advised that 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. See "Agent for Service of Process".

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

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GLOSSARY

The following is a glossary of certain general terms used in this Prospectus, including the summary hereof. Terms and abbreviations used in the financial statements and management's discussion and analysis included in, or appended to this Prospectus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**$**" means Canadian dollars.

"**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 company 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 company;

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

(c) an Affiliate of any Company controlled by that Person.

"**Applicable Securities Law**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

"**Audit Committee**" means the audit committee of the Company.

"**Audit Committee Charter**" means the Audit Committee's Charter, attached hereto as Schedule C.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, together with all regulations promulgated thereto.

"**Board of Directors**" or "**Board**" means the board of directors of the Company.

"**Business Day**" means a day other than Saturday, Sunday or a statutory holiday in British Columbia, Canada.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

"**CP Holdings**" means CP Holdings Corporation, a Colorado corporation and a wholly-owned subsidiary of Headwater.

"**Claims**" means the 224 unpatented mining claims comprising the Katey and Mahogany Properties, located in Oregon, United States.

"**Common Share**" means a common share in the capital of the Company.

"**company**" means unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Company" or "Headwater**" means Headwater Gold Inc., a company organized under the laws of British Columbia.

"**Company Purchase and Sale Agreement**" means that purchase and sale agreement dated February 28, 2019 between the Company and OCP Holdings Ltd. whereby the Company purchased 100% of the issued and outstanding shares of CP Holdings Corporation.

"**Escrow Deadline**" means six months following the closing of the Private Placement.

"**Escrow Release Conditions**" means (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the CSE that the Issuer has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts;

"**Escrowed Funds**" has the meaning set forth on the face page of this Prospectus.

"**Exchange**" or "**CSE**" means the Canadian Securities Exchange.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

"**Katey Property**" means the mineral exploration property located in Oregon, in which the Company holds a 100% interest, as more particularly described under "*Details of the Katey and Mahogany Properties*".

"**Listing**" means the listing of the Common Shares on the CSE.

"**Mahogany Property**" means the mineral exploration property located in Oregon, in which the Company holds a 100% interest, as more particularly described under "*Details of the Katey and Mahogany Properties*".

"**MD&A**" means management's discussion and analysis of financial condition and operating results.

"**Named Executive Officer**" or "**NEO**" means:

(a) the CEO, or comparable position;

(b) the CFO, or comparable position;

(c) each of the issuer's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds CAD$150,000 per year; or

(d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators.

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators.

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*, of the Canadian Securities Administrators.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees.*

"**NSR**" means net smelters return.

"**OCP**" means OCP Holdings Ltd.

"**Option Plan**" means the Company's stock option plan dated for reference May 16, 2019.

"**Person**" means a company or individual.

"**Private Placement**" means the non-brokered private placement of the Company of 11,629,212 Subscription Receipts which was completed on February 11, 2021, and which will result (subject to the satisfaction of the Escrow Release Conditions) in the deemed exercise of Subscription Receipts into Common Shares.

"**Principal Regulator**" means the British Columbia Securities Commission.

"**Promoter**" means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer, or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business.

"**Properties**" means the Katey and Mahogany properties.

"**Qualified Shares**" has the meaning set forth on the face page of this Prospectus.

"**Regulation S**" means Regulation S promulgated under the U.S. Securities Act.

"**Regulation D**" means Regulation D promulgated under the U.S. Securities Act.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators.

"**Share**" means a Common Share.

"**Shareholders**" means holders of Common Shares.

"**Subscription Receiptholder**" means a holder of Subscription Receipts.

"**Subscription Receipts**" means the subscription receipts issued by the Company at an issue price of $0.35 per Subscription Receipt, pursuant to the Private Placement, each of which entitles the holder thereof to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Subscription Receipt Certificate.

"**Subscription Receipt Certificate**" means a certificate representing Subscription Receipts.

"**Subscription Receipt Exercise Date**" means the date the Subscription Receipts are deemed to have been exercised into one Common Share.

"**Technical Report**" means the technical report prepared pursuant to NI 43-101 and titled "Technical Report on the Katie and Mahogany Properties, Malheur County, Oregon, United States" with an effective date of December 27, 2020 and prepared by Derrick Strickland, P.Geo.

"**Transfer Agent**" means the transfer agent and registrar of the Company, being Endeavor Trust Corporation.

"**US$"** means United States dollars.

"**United States**" or "**U.S.**" means the United States of America, its territories or its possessions, any state of the United States or the District of Columbia.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

GLOSSARY OF TECHNICAL TERMS

"<" means less than.

">" means greater than.

"**AA**" means Atomic Absorption Spectroscopy.

"**Ag**" is the symbol for the element silver.

"**Assay**" is the chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.

"**Au**" is the symbol for the element gold.

"**Breccia**" is a rock composed of broken fragments of minerals or rock cemented together by a fine-grained matrix that can be similar to or different from the composition of the fragments.

"**CIM**" means the Canadian Institute of Mining, Metallurgy, and Petroleum.

"**Deposit**" is an informal term for an accumulation of mineralization or other valuable earth material of any origin.

"**Dip**" is the angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

"**Fault**" is a break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other.

"**g/t**" means grams per Metric Ton.

"**Grade**" is a term used to indicate the concentration of an economically desirable mineral or element in its host rock as a function of its relative mass. With gold, this term may be expressed as grams per tonne (g/t) or ounces per tonne (opt).

"**Ha**" means hectares.

"**Kg**" means kilograms.

"**Km**" means kilometres.

"**m**" means meters.

"**M**" means million.

"**Mineral**" is a naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favourable conditions, a definite crystal form.

"**mm**" means millimeters.

"**NI 43-101**" means National Instrument 43-101 Standards of Disclosure for Mineral Projects.

"**oz**" means troy ounces.

"**ppb**" means parts per billion.

"**ppm**" means parts per million.

“QA/QC” means quality assurance and quality control.

“**RC**” means Reverse Circulation Drilling.

“**Sulphide**” is a group of minerals which contains Sulphur and other metallic elements such as copper and zinc. Gold and silver are usually associated with sulphide enrichment in mineral deposits.

“**t**” means metric tonnes.

“**Vein**” is a fissure, fault or crack in a rock filled by minerals that have travelled upwards or laterally from a deep source.

“**Waste**” means unmineralized, or rock which is insufficiently mineralized to mine at profit.

“**Zone**” is an area of distinct mineralization.

CURRENCY PRESENTATION

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking statements that relate to the Company's current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "*Prospectus Summary", "Description of the Business", "Selected Financial Information and Management's Discussion and Analysis*" and "*Risk Factors*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's intention to complete the listing of the Common Shares on the CSE;
- the conversion of the Subscription Receipts and the release of Escrowed Funds to the Company;
- the Company's business plans focussed on the exploration and development of the Katey and Mahogany Properties;
- the proposed work program on the Katey and Mahogany Properties;
- costs and timing of future exploration and development activities;
- timing and receipt of approvals, consents and permits under applicable legislation;
- use of available funds, including the proceeds of the Private Placement and the costs of the Private Placement;
- business objectives and milestones;
- the Company's executive compensation; and
- adequacy of financial resources.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed elsewhere herein and any other of the Company's concurrent public filings, and include the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to equity and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favourable terms, that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis, that engineering and exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances or adverse weather conditions, that any environmental and other proceedings or disputes are satisfactorily resolved, and that the Company maintains its ongoing relations with its business partners and governmental authorities. While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See "*Risk Factors*".

For the reasons set forth above, investors should not place undue reliance on forward looking statements. This Prospectus includes many cautionary statements, including those stated under the heading "*Risk Factors*". You should read these cautionary statements as being applicable to all related forward-looking statements wherever they appear in this Prospectus. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.

PROSPECTUS SUMMARY

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

The Company: Headwater Gold Inc. is a company incorporated under the BCBCA. See "*Corporate Structure*".

Business of the Company: The Company is a mineral resource company principally engaged in the acquisition and exploration of mineral resource properties. Its objective is to locate and develop precious metals, focusing initially on the exploration and development of the Katey and Mahogany Properties, located in Oregon, United States of America. The Company holds a 100% interest in the Katey and Mahogany Properties. The majority of its managerial efforts and costs in the period following Listing are expected to be in connection with the Katey and Mahogany Properties. See "*Narrative Description of the Business*".

The Private Placement: Pursuant to the Private Placement, on February 11, 2021 the Company issued 11,629,212 Subscription Receipts for net proceeds of $3,888,021, which represents gross proceeds of $4,070,224, less the cash finder's fee of $182,203. Each Subscription Receipt will be deemed exercised for one Common Share upon satisfaction of the Escrow Release Conditions. The gross proceeds from the Private Placement have been deposited in escrow and are held by the Company in a separate interest-bearing account and will be released upon satisfaction of the Escrow Release Conditions. See "*Plan of Distribution" and "Description of Securities Distributed*".

Use of Available Funds:

Funds Available

Source of funds	Amount
Estimated consolidated working capital as at April 30, 2021	$2,048,000
Estimated listing transaction costs	$(30,000)
Net proceeds from Private Placement	$3,888,021
Total funds available	**$5,906,021**

Principal Purposes

The following table sets out how the Company expects to use the funds available to it after completion of the distribution.

Use of funds available after completion of distribution	Amount
Exploration and Development of the Katey Property	$1,413,750(1)
Exploration and Development of the Mahogany Property	$1,413,750(1)
Exploration Salaries	$405,000
Executive Compensation	$363,000
Investor Relations	$180,000
Claims fees and other administrative fees of holding the Katey and Mahogany Properties and other staked land	$182,500
General and Administrative Expenses	$470,000
Unallocated General Working Capital	$1,478,021(2)
Total	**$5,906,021**

Notes:

(1) Based on an exchange rate of 1 CAD = 0.80 USD

(2) A portion of unallocated working capital will be used for funding exploration on ancillary projects, to be determined.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. See "*Use of Available Funds"*.

The Company had a negative operating cash flow for the year ended February 29, 2020 and the nine months ended November 30, 2020, and anticipates having negative operating cash flow for the year ended February 28, 2021 as well given its nature as a mineral exploration company. The net proceeds from the Private Placement will be used to fund the operation of the Company.

Directors and Officers of the Company:

Alistair Waddell, Executive Chairman and director

Caleb Stroup, President, Chief Executive Officer and director

Sandra Wong, Chief Financial Officer and Corporate Secretary

Graeme Currie, director

Tero Kosonen, director

Wendell Zerb, director

See "*Directors and Executive Officers*".

Financial Information:

The following table sets forth summary financial information of the Company from the unaudited financial statements for the nine months ended November 30, 2020 and the audited financial statements for the year ended February 29, 2020 and period from incorporation on January 14, 2019 to February 28, 2019. This summary financial information should only be read in conjunction with the Company's financial statements, including the notes thereto, included in Schedule A to this Prospectus.

	As at November 30, 2020 and for the nine months ended November 30, 2020 (unaudited)	**As at February 29, 2020 and for the year ended February 29, 2020 (audited)**	**As at February 28, 2019 and for the period from January 14, 2019 to February 28, 2019 (audited)**
Net loss for the period	($93,955)	($415,120)	($4,898)
Comprehensive loss for the period	($89,810)	($420,438)	($4,898)
Cash	$1,279,803	$363,309	$43,688
Total assets	$3,181,693	$1,081,303	$335,256
Total liabilities	$203,656	$76,244	$83,904
Total shareholders' equity	$2,978,037	$1,005,059	$251,352

See "*Selected Financial Information and Management's Discussion and Analysis*."

Risk Factors:

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to insufficient capital risk, financing risks, the Company having a limited operating history and negative operating cashflow, the continued operations of the Company being dependent on procuring additional financing, exploration and development risks and others. For a detailed description of these and other risks see "*Risk Factors*".

Covid-19:

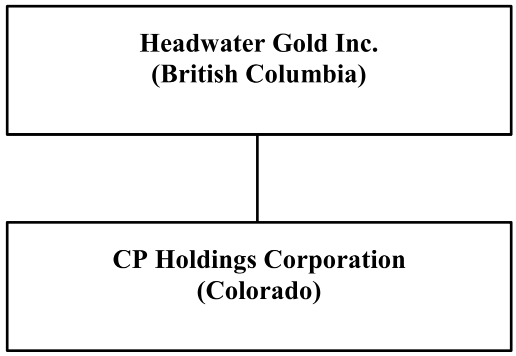
The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company. However, the COVID-19 pandemic is not expected to have any material implications for the timing and cost of the recommended work program.

CORPORATE STRUCTURE

The Company was incorporated under the BCBCA on January 14, 2019 under the name "Headwater Gold Inc.".

The head office and the registered and records office of the Company are located at 1100 - 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5.

The Company has one 100% owned subsidiary, CP Holdings Corporation, incorporated pursuant to the laws of Colorado, United States of America.



GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY

Description of the Business

The principal business carried on and intended to be carried on by the Company is mineral exploration, focusing initially on the exploration and development of the Company's principal property, consisting of the Claims that make up the Katey and Mahogany properties. The Company will continue to consider other opportunities as they arise and may also conduct exploration activities on secondary properties in respect of which the Company has acquired and may acquire.

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States.

Competitive Conditions

The Company competes with other entities in the search for and acquisition of mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources, the Company may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company also competes for financing with other resource companies, many of whom have more advanced properties. There is no assurance that additional capital or other types of financing will be available to the Company if needed or that, if available, the terms of such financing will be favourable to the Company. See "*Risk Factors*".

History

Financings

On January 14, 2019, the Company issued two incorporator's Common Shares at a price of $0.01 per Share.

On February 11, 2019, the Company completed a distribution of founder's Common Shares at a price of $0.005 per Share, issuing 8,750,000 Common Shares at a price of $0.005 for gross proceeds of $43,750.

On June 3, 2019, the Company completed the first tranche of a private placement to raise gross proceeds of $244,875 through the issuance of 3,265,000 Common Shares at a price of $0.075 per Share.

On September 16, 2019, the Company completed the second tranche of a private placement to raise gross proceeds of $272,625 through the issuance of 3,635,000 Common Shares at a price of $0.075 per Share.

On September 18, 2019, the Company completed the final tranche of a private placement to raise gross proceeds of $15,000 through the issuance of 200,000 Common Shares at a price of $0.075 per Share.

On September 19, 2019, the Company settled $22,500 of debt owing to OCP through the issuance of 300,000 Common Shares at a price of $0.075 per Share.

On February 7, 2020, the Company completed the first tranche of a private placement to raise gross proceeds of $467,526 through the issuance of 3,116,840 Common Shares at a price of $0.15 per Share.

On March 6, 2020, the Company completed the second tranche of a private placement to raise gross proceeds of $343,750 through the issuance of 2,291,664 Common Shares at a price of $0.15 per Share. Finder's fees of $13,500 was paid on $225,000 of the placement.

On June 18, 2020, the Company completed the final tranche of a private placement to raise gross proceeds of $15,000 through the issuance of 100,000 Common Shares at a price of $0.15 per Share.

On September 28, 2020, the Company completed a private placement to raise gross proceeds of $1,667,600 through the issuance of 7,580,000 Common Shares at a price of $0.22 per Share. Finder's fees of $38,648 was paid on $772,970 of the placement.

On October 1, 2020, the Company acquired 100% interest in the Crane Creek property for consideration of US$60,000 and the issuance of 200,000 Common Shares at a price of $0.22 per Share.

On February 11, 2021, the Company completed the Private Placement of Subscription Receipts at a price of $0.35 per Subscription Receipt for aggregate gross proceeds of $4,070,224 and issued 11,629,212 Subscription Receipts. Each Subscription Receipt entitles the holder thereof to receive, without payment of any further consideration, one Common Share upon the satisfaction of the Escrow Release Conditions. A finder's fee of $182,203 is payable on $3,036,725 of the placement upon satisfaction of the Escrow Release Conditions.

The Escrowed Funds have been deposited into an interest-bearing escrow account held by the Company, releasable to the Company upon the satisfaction of the Escrow Release Conditions, including the Company obtaining the receipt for the final prospectus. In the event that the Escrow Release Conditions are not satisfied prior to the Escrow Deadline, the Subscription Receipts will either (a) immediately become null, void and of no further force or effect and, as soon as reasonably possible, and in any event within ten (10) business days following the Escrow Deadline, the Escrowed Proceeds will be returned to the holders of Subscription Receipts in an amount per Subscription Receipt equal to the Escrowed Proceeds (and for greater certainty without any interest earned thereon) or (b) if the Subscription Receipt holder has provided notice to the Company at least two (2) business days prior to the Escrow Deadline of its election, be converted, without payment of any further consideration, into Common Shares.

Acquisition of CP Holdings Corporation

On February 28, 2019, the Company entered into a Share Purchase Agreement (the "Purchase Agreement") with OCP Holdings Ltd. ("OCP") to purchase all of the issued and outstanding shares of CP Holdings Corporation held by OCP. Pursuant to the Purchase Agreement, the purchase price of CP Holdings is $1,337 cash and 8,500,000 shares of the Company. The Company closed and completed the acquisition of CP Holdings on February 28, 2019. The Company determined that CP Holdings did not meet the definition of a business found in IFRS 3 Business Combinations. As the purchase of CP Holdings did not qualify as a business acquisition, the Company accounted for the transaction as an asset acquisition. As the fair value of the purchase price consideration paid was more reliably measurable than the assets acquired, the cost of the non-cash assets received was based on the fair value of the consideration given. The cost of the asset acquisition was allocated on a fair value basis to the net assets acquired. The Company allocated the cost of the assets as follows:

Purchase price

	$
Cash	1,337
Common shares issued	212,500
Liabilities assumed	77,731
Total purchase price	291,568

Fair value of assets acquired

Equipment	623
Mineral properties	290,945
Total assets acquired	291,568

CP Holdings was incorporated under the laws of the State of Colorado, United States of America on February 26, 2018. CP Holdings acquired foreign registration in the State of Idaho on March 2, 2018, the State of Nevada on June 13, 2018, the State of Oregon on July 10, 2019 and the State of Utah on August 30, 2019. The Company's business activity is the exploration and evaluation of mineral properties in the United States. The assets of CP Holdings included the Flint, Matador and Opaline Gulch projects in Idaho and the Como and Kamma projects in Nevada when the Company purchased CP Holdings from OCP (see "*Acquisition and Disposition of Other Properties*").

Acquisition of the Katey and Mahogany Properties

The Company has acquired a 100% interest, royalty-free, in the Katey and Mahogany Properties by way of staking federal land commencing in September 2019.

Acquisition and Disposition of Other Properties

The Company has acquired a 100% interest in ancillary mineral properties in Idaho, Nevada, Oregon and Utah that it has acquired by way of staking federal land or arm's length vendor acquisition.

The Flint Property (Owyhee County, Idaho) was comprised of 91 mineral claims totalling approximately 756 hectares and was first staked by CP Holdings in August 2018. Pursuant to an agreement dated December 3, 2020, the Company has sold 100% interest in the Flint property to Huntsman Exploration Inc. ("Huntsman", a public company trading on the TSX Venture Exchange ("TSXV") for consideration of US $100,000 and 8,450,000 common shares of Huntsman with a fair value of $2,070,250, subject to a 2% net smelter returns royalty retained by the Company. This transaction closed on December 21, 2020 and the consideration shares are restricted from trading until December 21, 2021.

The Matador Property (Owyhee County, Idaho) is comprised of 30 mineral claims totalling approximately 251 hectares and was first staked by CP Holdings in October 2018.

The Opaline Gulch Property (Owyhee County, Idaho) is comprised of 31 mineral claims totalling approximately 259 hectares and was first staked by CP Holdings in October 2018.

The Crane Creek Property (Washington County, Idaho) is comprised of 102 mineral claims totalling approximately 826 hectares. The Company acquired a 100% undivided interest in certain unpatented mining claims and State Mineral Lease E500007 pursuant to an agreement dated July 22, 2020 for consideration of US $60,000 and 200,000 common shares of the Company (issued October 1, 2020 with a fair value of $44,000). State Mineral Lease E500007 expired on February 28, 2021 and the Company is in the process of pursuing a fresh two-year lease with the State. The process is expected to conclude by September 2021 and if successful will cost less than $10,000. The unpatented mining claims are subject to a 1% net smelter returns royalty which the Company may purchase for US $1,000,000 at any time. The Company acquired additional claims by way of staking and entered into a mining lease agreement effective October 28, 2020 (the "Effective Date") to lease certain fee lands for a twenty year term that may be extended by ten year increments, for consideration of US $5,000 payable upon execution of the agreement and subsequent payments of US $3,250 on each anniversary of the Effective Date. The property under the mining lease agreement is subject to a net smelter returns royalty of 2%, of which the first 1% may be purchased for US $1,000,000 at any time and the second 1% may be purchased for US $2,000,000 at any time.

The Agate Point Property (Humboldt County, Nevada) is comprised of 94 mineral claims totalling approximately 761 hectares and was first staked in September 2019.

The Castle Ridge Property (Elko County, Nevada) is comprised of 240 mineral claims totalling approximately 1,943 hectares and was first staked in July 2020.

The Dome Hill Property (Mineral County, Nevada and Mono County, California) is comprised of 26 mineral claims totalling approximately 217 hectares and was first staked in September 2019.

The Long Valley Property (Esmeralda and Mineral County, Nevada) is comprised of 51 mineral claims totalling approximately 426 hectares and was first staked in September 2019.

The Como Property (Lyon County, Nevada) was comprised of 38 mineral claims totalling approximately 297 hectares and was first staked by CP Holdings in February 2019. Pursuant to an agreement dated November 5, 2020, the Company sold 100% interest in the Como property to Eclipse Mining Corporation ("Eclipse") for consideration of US $100,000 and 500,000 common shares of Eclipse with a fair value of $310,000, subject to a net smelter returns royalty retained by the Company of 1.25% to 2.5% on certain of the claims. This transaction was completed on November 24, 2020 and a gain on disposal of exploration and evaluation assets of $321,453 was recorded during the period ended November 30, 2020.

In February 2021, Northern Vertex Mining Corp. ("Northern Vertex", a public company listed for trading on the TSXV) acquired Eclipse via a statutory plan of arrangement under the Business Corporations Act (British Columbia) pursuant to which Northern Vertex has acquired all of the issued and outstanding common shares of Eclipse. Pursuant to the transaction, Eclipse shareholders are entitled to receive 1.09 common shares of Northern Vertex in exchange for each Eclipse share held by such shareholder immediately prior to the completion of the transaction. The Company will receive 545,000 common shares of Northern Vertex in exchange for its 500,000 common shares of Eclipse.

The Bob Creek Property (Eureka County, Nevada) was comprised of 80 mineral claims totalling approximately 669 hectares and was first staked in May 2019. Pursuant to a property option agreement dated October 1, 2020, the Company granted NQ Holdings Inc. ("NQ", a non-arm's length company related by reason of certain common directors) the exclusive right and option to acquire 100% interest in the Bob Creek Property for consideration of US $55,000 of which US $2,750 is payable within 90 days of signing the agreement (paid December 21, 2020) and US $52,250 is payable in cash or common shares of NQ on or before October 1, 2023 (paid in cash on February 23, 2021). The property is subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised and the property sold on February 23, 2021.

The Danny Boy Property (Elko County, Nevada) was comprised of 20 mineral claims totalling approximately 167 hectares and was first staked in May 2019. Pursuant to a property option agreement dated October 1, 2020, the Company granted NQ the exclusive right and option to acquire 100% interest in the Danny Boy Property for consideration of US $15,000 of which US $1,250 is payable within 90 days of signing the agreement (paid December 21, 2020) and US $13,750 is payable in cash or common shares of NQ on or before October 1, 2023 (paid in cash on February 23, 2021). The property is subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised and the property sold on February 23, 2021.

The Ziggurat Property (Nye County, Nevada) is comprised of 61 mineral claims totalling approximately 510 hectares and was first staked in September 2019. Pursuant to a property option agreement dated October 1, 2020, the Company granted NQ the exclusive right and option to acquire 100% interest in the Ziggurat Property for consideration of US $35,000 of which US $2,000 is payable within 90 days of signing the agreement (paid December 21, 2020) and US $33,000 is payable in cash or common shares of NQ on or before October 1, 2023 (paid in cash on February 23, 2021). The property is subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised and the property sold on February 23, 2021.

The Keg Property (Juab County, Utah) is comprised of 63 mineral claims totalling approximately 527 hectares and was first staked in September 2019. Pursuant to a property option agreement dated October 1, 2020, the Company granted NQ the exclusive right and option to acquire 100% interest in the Keg Property for consideration of US

$45,000 of which US $2,500 is payable within 90 days of signing the agreement (paid December 21, 2020) and US $42,500 is payable in cash or common shares of NQ on or before October 1, 2023 (paid in cash on February 23, 2021). The property is subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised and the property sold on February 23, 2021.

The Hot Tub Property (Malheur County, Oregon) is comprised of 30 mineral claims totalling approximately 251 hectares and was first staked in September 2020.

The Birch Creek Property (Malheur County, Oregon) is comprised of 12 mineral claims totalling approximately 100 hectares and was first staked in September 2020.

Business Cycle

The Company is a mineral exploration and evaluation stage company. As a result, prices of mineral and other metals will have a direct impact on its business. Declining prices can, for example, impact operations by requiring a re-assessment of the feasibility of a particular project, and they can also impact the Company's ability to raise capital. See "*Risk Factors*".

Environmental Policies

The Company will conduct its activities in accordance with high environmental standards, including compliance with environmental laws, policies and regulations. During its exploration activities the Company plans to minimize environmental impacts by rehabilitating drill-sites and access roads.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

The Company is a mineral resource company engaged in the business of acquiring and exploring mineral resource properties. The Company's principal properties are the 100% owned and royalty-free Katey and Mahogany Properties located in Malheur County, Oregon, United States of America, and its objective is the exploration and development of the Properties. The Properties are composed of 224 unpatented lode claims totalling 1,842 hectares (4,551 acres) in two separate blocks that are 30 km apart from each other.

Details of the Katey and Mahogany Properties

The following details with respect to the Company's principal properties, being the Katey and Mahogany Properties, are derived from the Technical Report. Readers are encouraged to consult the Technical Report for additional information. Any reference to figures, tables or citations below not otherwise included herein correspond to such items in the Technical Report.

The Company acquired the Katey and Mahogany Properties by way of staking. See the subheading "*Acquisition of the Katey and Mahogany Properties*" under the heading "*General Development of the Business of the Company*".

Property Description, Location and Access

The Katey and Mahogany Properties are located in southeastern Oregon approximately 70 km southwest from Nampa, Idaho via federal Highway 95. Both properties are accessed via existing road over public lands. The Mahogany Property is accessed directly from Highway 95. The Katey Property is accessed from Highway 95 by driving 24 km north on Succor Creek Road and then turning left and driving for 3 km along McIntyre Springs Rd.

The Properties are composed of 224 unpatented lode claims totaling 4,551 acres in two separate blocks that are 30 km apart from each other (Figure 1). Both properties were staked by and registered to CP Holdings Corporation, a wholly owned United States Subsidiary of Headwater Gold Inc. There are no underlying agreements, royalties, or encumbrances to which the properties are subject.

The Mahogany Property comprises 139 unpatented lode claims that total 2,795 acres centered at 43.26° Latitude and -117.04° Longitude (Figure 2, Table 1). The Katey Property is composed of 85 unpatented lode claims totaling approximately 1,756 acres centered at 43.42° Latitude and -117.16° Longitude (Figure 3, Table 1). The Mahogany Property is a combination of land that is managed by the US Bureau of Land Management and private land. Internal to the Mahogany Property are two unpatented mineral claims (denoted in green) that Headwater does not retain the mineral rights (Figure 2). These two inlier claims, named Palisade and Windy Ridge #1, are owned by Jimmie Witt and Steven Schultz, respectively. The Katey Property lies on land managed by the US Bureau of Land Management.

Lode claims are subject to annual US Bureau of Land Management fees of $165 per claim per year. The assessment year begins on September 1. Annual payments for the claims which compose the Katey and Mahogany Properties are paid through September 1, 2021. Prior to September 1, 2021 annual fees of $165 per claim must be made to keep the claims in good standing. No annual assessment work is required on unpatented lode claims.

History

The Katey and Mahogany properties were discovered, staked, and first explored in the 1980s by Manville Exploration ("Manville"). Work by Manville included detailed mapping, rock chip sampling, and trenching. At Katey, Manville drilled 23 shallow (<180 m) rotary holes before optioning the property to ASARCO from 1988 to 1990, after which time no further work was done. Mahogany was leased by Manville from Chevron from 1986 to 1990, during which time eight shallow reverse circulation holes were drilled, totaling just 630 m**.**

<u>Mahogany Historical Exploration</u>

Manville Exploration 1985 – 1986

Gold mineralization at the Mahogany Property was discovered in 1985 and the property was staked by Manville in the fall of that year. In 1986 Manville trenched across silicified outcrops referred to in this report as Rotary Ridge, conducted geochemical traverses, and detailed mapping. The property was determined to contain abundant calcite-zeolite flooded sediments which, in part, halo a silica-rich hydrothermal vent breccia. Surface channel sampling by Manville found 0.06 oz. Au/ton over a 19.8 m section across Rotary Ridge. Based on Manville's results, the property was leased to Chevron in December of 1986.

Chevron 1987 – 1990

In 1987 Chevron conducted reconnaissance mapping, rock chip sampling, a resistivity survey, and two (2) geophysical lines, all centered on Rotary Ridge and an adjacent alteration area of outcropping silicified breccia. The only drilling at Mahogany consisted of eight shallow reverse circulation holes completed by Chevron in 1988 and 1989, totalling approximately 633 m. The locations of historical drill holes and summaries of significant intercepts are given under the heading "Drilling" below. Headwater has obtained short summary reports for two geophysical surveys conducted at Mahogany but does not possess the historical survey data. In 1990 a 2.8 line-km VLF-EM survey was conducted by Manville geologist Joe LeVay, that indicated a conductor and a probable shallow silicified zone. Additionally, a small resistivity survey contracted by Chevron consisted of 6 soundings using a Schlumberger array along a single 800 m-long fence that traversed Rotary Ridge and adjacent areas of intense silicification. The western-most sounding point was atop the trace of the Main Ridge Fault. However, the survey did not span the Main Ridge Fault. A summary report suggests the results were inconclusive. Chevron also collected 66 rock samples, with two samples giving 0.142 ppm Au and 0.173 ppm Au.

<u>Katey Historical Exploration</u>

Manville Exploration 1986 – 1989

The Katey gold prospect was first identified and subsequently staked by Manville geologists in 1987. Manville conducted an initial sampling campaign consisting of 80 rock samples, with results ranging from below detection limit up to 2,750 ppb Au. The exact locations of all historic rock samples from the Katey Property are not known. Manville conducted an exploration program in 1988 that consisted of a pilot soil sampling program over the East Zone, detailed 1:1000 scale geological mapping, and core drilling. The Manville drill campaign consisted of 23 core holes, and intersected gold mineralization in the West Zone and East Zone.

In 1988–1989 34 rock sample were collected. The two highest grade samples from this program contained 13,400 ppb Au (sample RMR-81) and 19,600 ppb Au (sample RMR 150), respectively. These samples appear to have been collected right beside each other.

Figure 1 Property Location

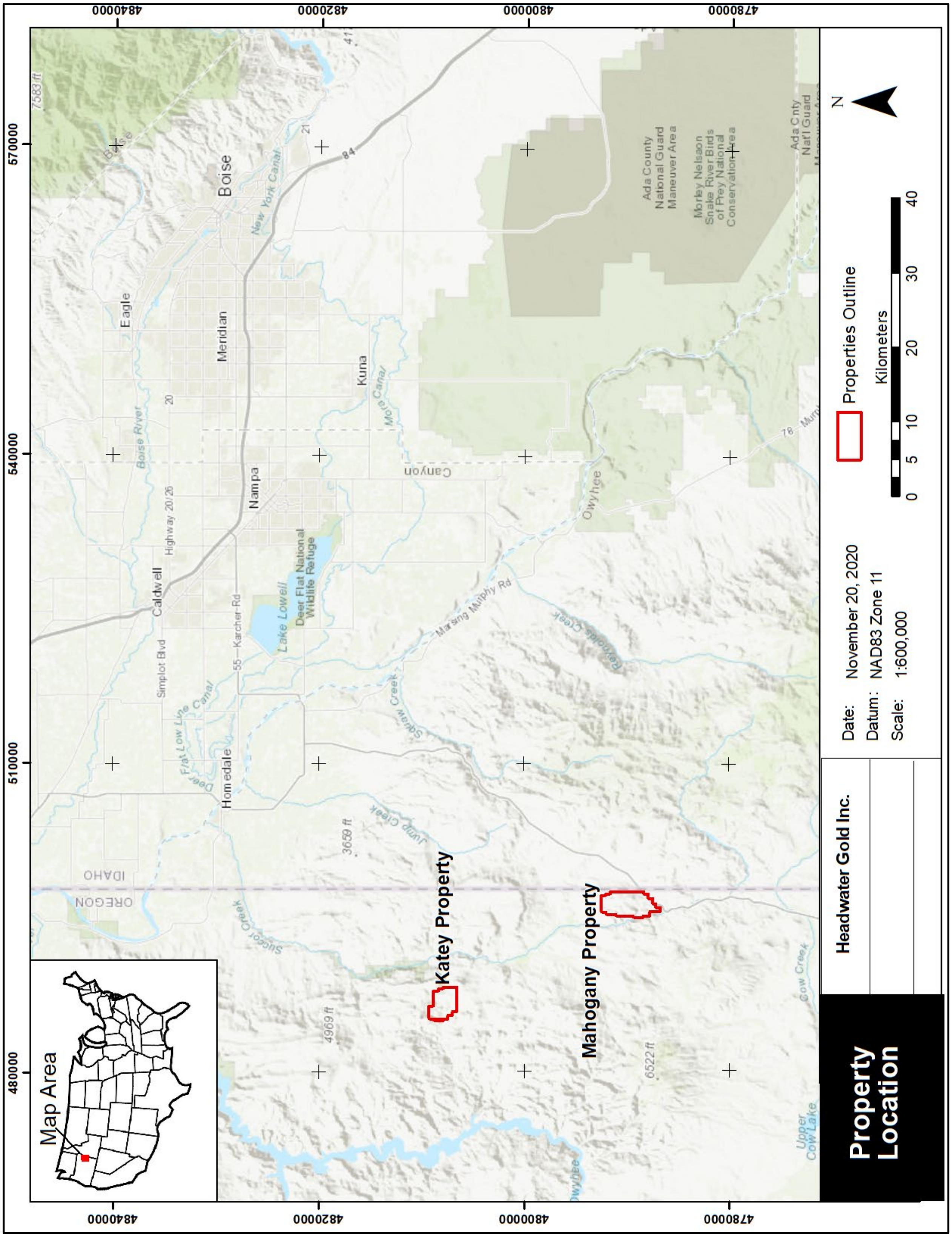


Figure 2 Mahogany Lode Claims

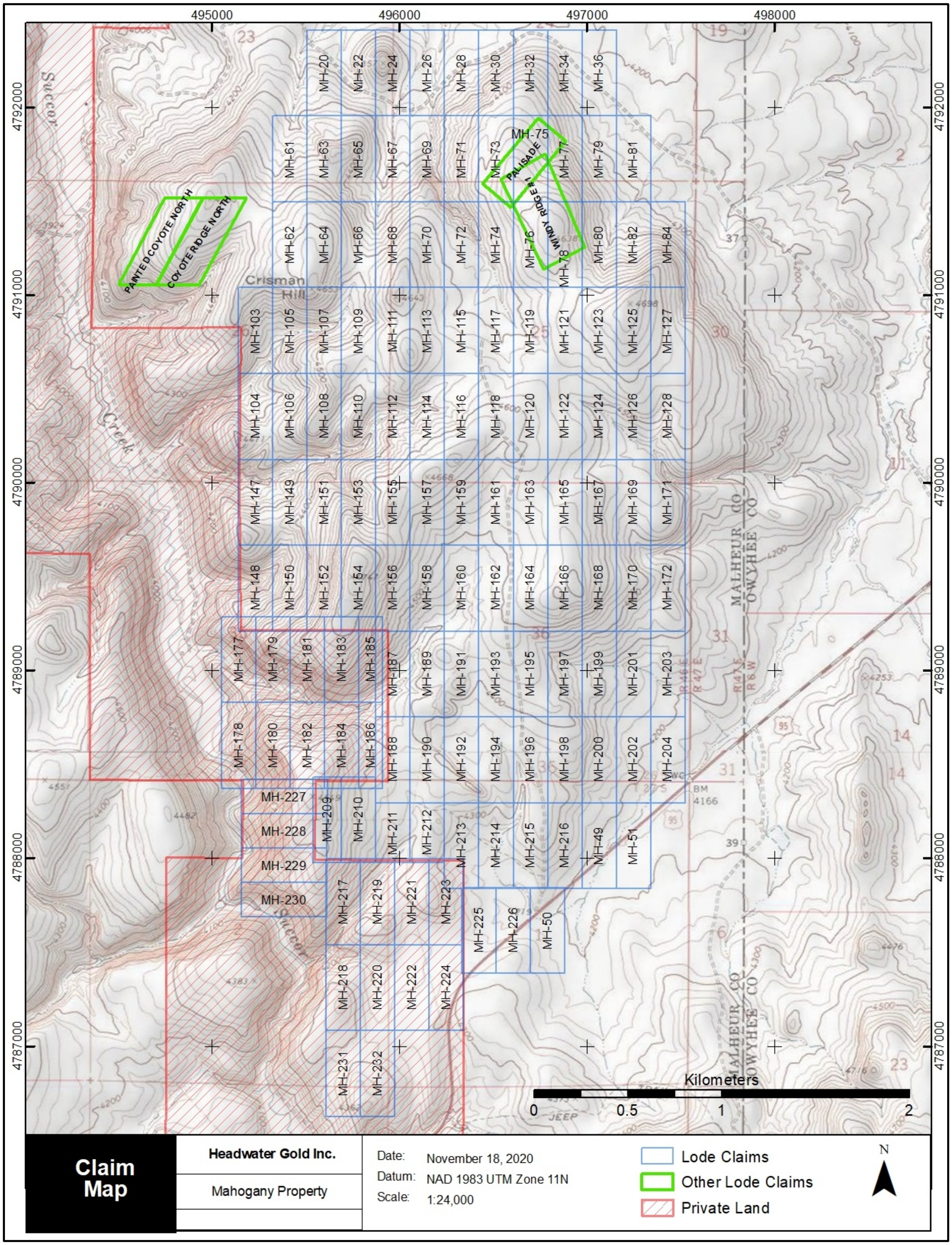


Figure 3 Katey Lode Claims

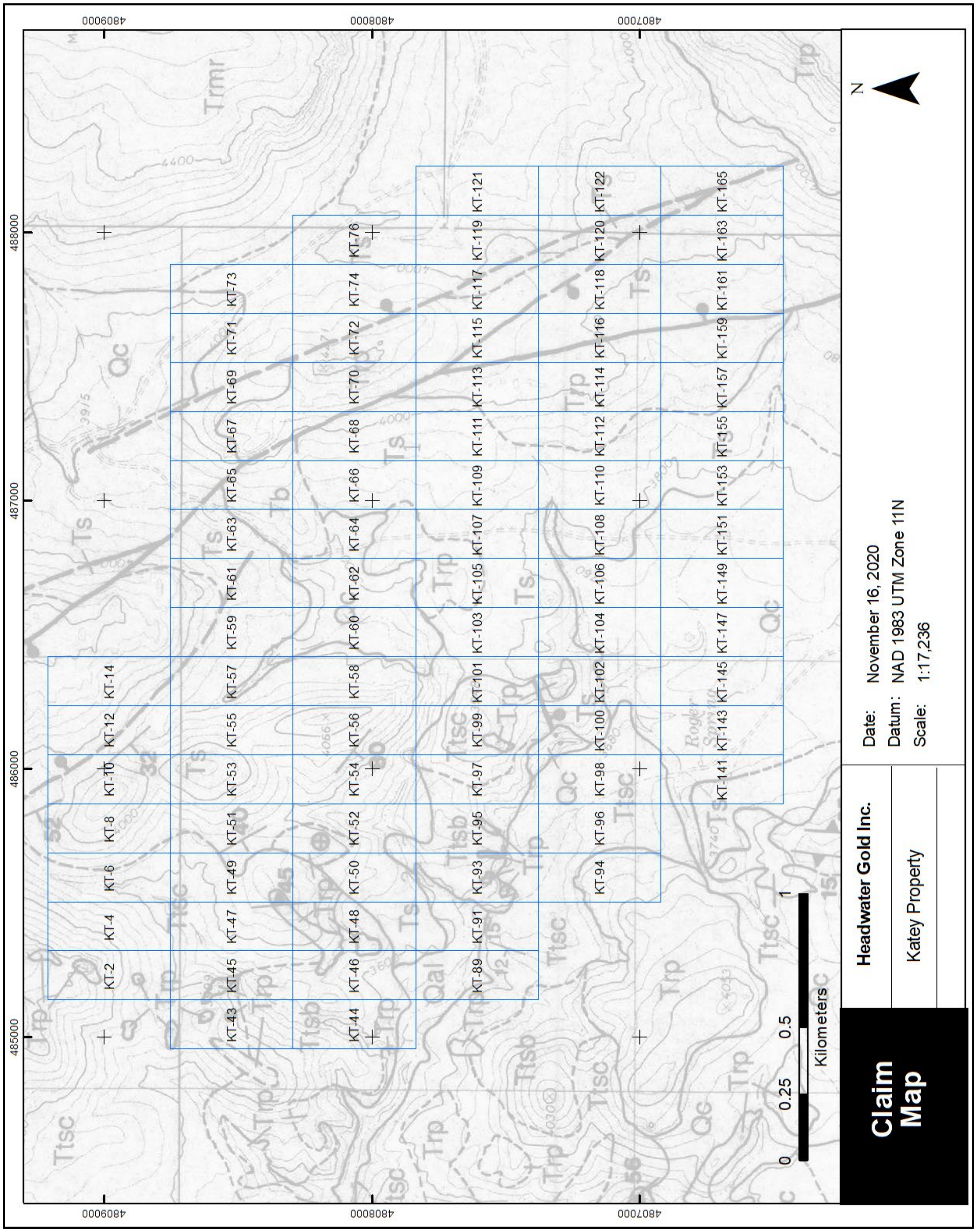


Table 1 Katey And Mahogany Properties Lode Claims

Project	Claim_ID	Project	Claim_ID	Project	Claim_ID	Project	Claim_ID	Project	Claim_ID
Katey	KT-67	Katey	KT-49	Mahogany	MH-22	Mahogany	MH-117	Mahogany	MH-148
Katey	KT-69	Katey	KT-51	Mahogany	MH-24	Mahogany	MH-119	Mahogany	MH-150
Katey	KT-71	Katey	KT-53	Mahogany	MH-26	Mahogany	MH-121	Mahogany	MH-152
Katey	KT-73	Katey	KT-55	Mahogany	MH-28	Mahogany	MH-123	Mahogany	MH-185
Katey	KT-68	Katey	KT-57	Mahogany	MH-30	Mahogany	MH-125	Mahogany	MH-187
Katey	KT-70	Katey	KT-59	Mahogany	MH-32	Mahogany	MH-127	Mahogany	MH-189
Katey	KT-72	Katey	KT-61	Mahogany	MH-34	Mahogany	MH-103	Mahogany	MH-191
Katey	KT-74	Katey	KT-63	Mahogany	MH-36	Mahogany	MH-105	Mahogany	MH-193
Katey	KT-109	Katey	KT-66	Mahogany	MH-227	Mahogany	MH-107	Mahogany	MH-195
Katey	KT-111	Katey	KT-76	Mahogany	MH-228	Mahogany	MH-110	Mahogany	MH-197
Katey	KT-113	Katey	KT-46	Mahogany	MH-229	Mahogany	MH-112	Mahogany	MH-199
Katey	KT-115	Katey	KT-48	Mahogany	MH-230	Mahogany	MH-114	Mahogany	MH-201
Katey	KT-117	Katey	KT-50	Mahogany	MH-20	Mahogany	MH-116	Mahogany	MH-203
Katey	KT-119	Katey	KT-52	Mahogany	MH-65	Mahogany	MH-118	Mahogany	MH-179
Katey	KT-101	Katey	KT-54	Mahogany	MH-67	Mahogany	MH-120	Mahogany	MH-181
Katey	KT-103	Katey	KT-56	Mahogany	MH-69	Mahogany	MH-122	Mahogany	MH-183
Katey	KT-105	Katey	KT-58	Mahogany	MH-71	Mahogany	MH-124	Mahogany	MH-186
Katey	KT-107	Katey	KT-60	Mahogany	MH-73	Mahogany	MH-126	Mahogany	MH-188
Katey	KT-110	Katey	KT-62	Mahogany	MH-75	Mahogany	MH-128	Mahogany	MH-190
Katey	KT-112	Katey	KT-64	Mahogany	MH-77	Mahogany	MH-104	Mahogany	MH-192
Katey	KT-114	Katey	KT-121	Mahogany	MH-79	Mahogany	MH-106	Mahogany	MH-194
Katey	KT-116	Katey	KT-89	Mahogany	MH-81	Mahogany	MH-108	Mahogany	MH-196
Katey	KT-118	Katey	KT-91	Mahogany	MH-215	Mahogany	MH-153	Mahogany	MH-198
Katey	KT-120	Katey	KT-93	Mahogany	MH-216	Mahogany	MH-155	Mahogany	MH-200
Katey	KT-102	Katey	KT-95	Mahogany	MH-49	Mahogany	MH-157	Mahogany	MH-202
Katey	KT-104	Katey	KT-97	Mahogany	MH-51	Mahogany	MH-159	Mahogany	MH-204
Katey	KT-106	Katey	KT-99	Mahogany	MH-61	Mahogany	MH-161	Mahogany	MH-180
Katey	KT-108	Katey	KT-122	Mahogany	MH-63	Mahogany	MH-163	Mahogany	MH-182
Katey	KT-2	Katey	KT-94	Mahogany	MH-66	Mahogany	MH-165	Mahogany	MH-184
Katey	KT-4	Katey	KT-96	Mahogany	MH-68	Mahogany	MH-167	Mahogany	MH-211
Katey	KT-6	Katey	KT-98	Mahogany	MH-70	Mahogany	MH-169	Mahogany	MH-212
Katey	KT-8	Katey	KT-100	Mahogany	MH-72	Mahogany	MH-171	Mahogany	MH-213
Katey	KT-10	Katey	KT-153	Mahogany	MH-74	Mahogany	MH-147	Mahogany	MH-214
Katey	KT-12	Katey	KT-155	Mahogany	MH-76	Mahogany	MH-149	Mahogany	MH-209
Katey	KT-14	Katey	KT-157	Mahogany	MH-78	Mahogany	MH-151	Mahogany	MH-210
Katey	KT-65	Katey	KT-159	Mahogany	MH-80	Mahogany	MH-154	Mahogany	MH-177
Katey	KT-45	Katey	KT-161	Mahogany	MH-82	Mahogany	MH-156	Mahogany	MH-178
Katey	KT-47	Katey	KT-163	Mahogany	MH-84	Mahogany	MH-158	Mahogany	MH-217
		Katey	KT-165	Mahogany	MH-225	Mahogany	MH-160	Mahogany	MH-219
		Katey	KT-141	Mahogany	MH-226	Mahogany	MH-162	Mahogany	MH-221
		Katey	KT-143	Mahogany	MH-50	Mahogany	MH-164	Mahogany	MH-223
		Katey	KT-145	Mahogany	MH-62	Mahogany	MH-166	Mahogany	MH-218
		Katey	KT-147	Mahogany	MH-64	Mahogany	MH-168	Mahogany	MH-220
		Katey	KT-149	Mahogany	MH-109	Mahogany	MH-170	Mahogany	MH-222
		Katey	KT-151	Mahogany	MH-111	Mahogany	MH-172	Mahogany	MH-224
		Katey	KT-43	Mahogany	MH-113			Mahogany	MH-231
		Katey	KT-44	Mahogany	MH-115			Mahogany	MH-232

Geophysical data collected by Manville included a resistivity survey in 1988 over the East, West, and South zones. Experimental VLF-EM surveys were conducted in the vicinity of the West and West Canyon zones in 1990 (Ellingwood, S.G., 1988). Headwater has obtained summary reports which describe the work but does not possess the geophysical data.

Asarco 1989 – 1990

Asarco leased the Katey Property from Manville in 1989. Asarco collected 326 soil samples over the East, West, and West Canyon zones and conducted two campaigns of reverse circulation drilling. The first round of drilling was conducted in 1989 and consisted of six holes, totalling 752.9 m (2470 ft) to a maximum depth of 134.1 m (440 ft). Asarco followed up with an additional nine reverse circulation holes completed in 1990, totalling 1293.9 m (4245 ft) to a maximum depth of 152.4 m (500 ft). The best intercept was in hole KTR-89-5 and assayed 0.02 opt Au over 36.57 m.

Geological Setting, Mineralization and Deposit Types

Gold mineralization at the Katey and Mahogany Properties is related to mid-Miocene bimodal volcanism and rifting in the Owyhee region of the northern Basin and Range Province. The onset of rift-related volcanism in the Owyhee region was broadly coeval to the inception of Yellowstone hot spot-related volcanism near McDermitt, NV. Regional volcanism that began near McDermitt at ca. 16.6 Ma and continued until ca. 15.3 Ma was focused in a northerly-trending corridor of extensional faults, referred to as the Oregon-Idaho Graben (Figure 4, Cummings et al., 2000). The early stages of mid-Miocene volcanism were characterized by voluminous eruptions of tholeiitic basalts, including the Steens, and Columbia River Groups, and emplacement of mafic dike swarms (Ekren et al., 1981). At approximately 15.5 Ma, mafic volcanism in the Owyhee region gave way to peralkaline felsic volcanism which included the formation of the Three Fingers Caldera and was the likely driving process for gold mineralization at Katey. The change from dominantly mafic to felsic volcanism is marked by the eruption of numerous calderas and rhyolite flow-dome fields that define the Lake Owyhee Volcanic Field in eastern Oregon. Felsic volcanism was accompanied by regional subsidence and formation of the Oregon-Idaho graben from ca. 15.4 Ma to ca. 10 Ma. Miocene graben-fill is dominated by epiclastic lacustrine deposits, fluvial sediments shed westward from beyond the graben margin, pyroclastic deposits, intracaldera tuffs, and locally erupted lava fields.

The transition from dominantly mafic to felsic volcanism and the development of extensional fault systems in the Owyhee region marked the onset of widespread hydrothermal activity, which lasted several million years and lead to the formation of gold deposits at DeLamar and Grassy Mountain as well as at Katey and Mahogany. At Mahogany in particular, syn-sedimentary hot-spring alteration and precious-metals mineralization of graben-fill were controlled by the same intra-graben fault zones that served as magmatic conduits.

Mahogany Property Geology

The Mahogany Property is a structurally controlled hot-spring-type gold prospect that shows evidence of near-surface hydrothermal activity. The only geochronology reported for Mahogany is a K-Ar age from adularia that yielded an age of 12.6 ± 0.6 Ma (Rytuba et al., 1990).

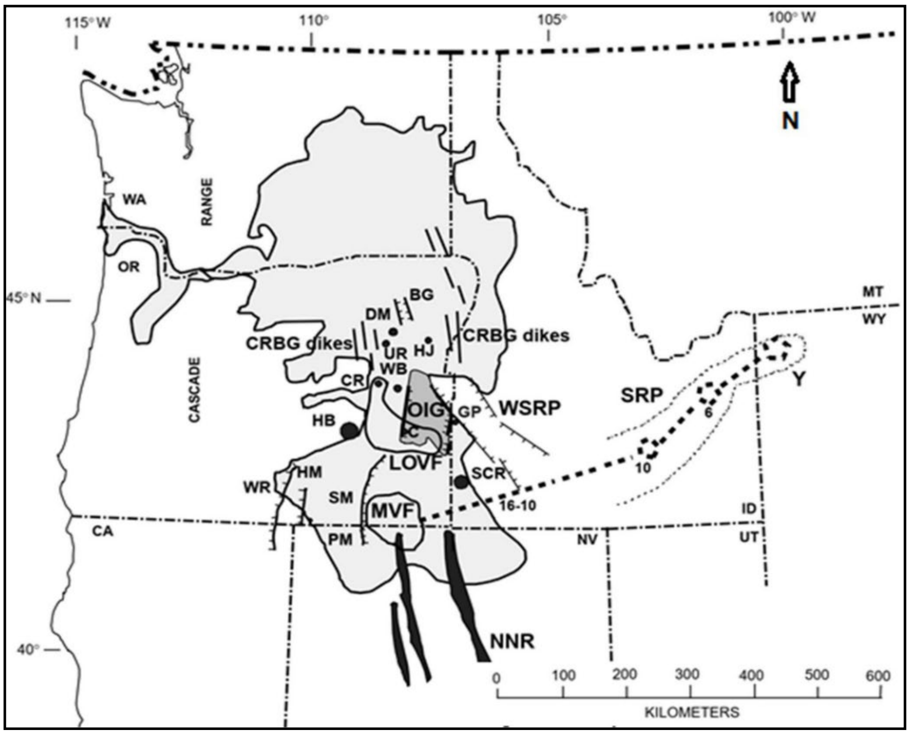
Rocks in the Mahogany Project area are of Miocene age and consist of three distinct packages. From oldest to youngest these are: 1) older tholeiitic basalt flows, 2) mafic-intermediate volcanic rocks, and 3) felsic tuff and epiclastic sediments. Basaltic dikes and flows also occur throughout the two younger packages.

<u>Older Tholeiitic Basalts</u>

This Tholeiitic basalt unit is sparsely exposed on private property along Succor Creek southwest and is not exposed on the property; this unit has not been examined in the field by Headwater geologists. It is described as aphyric or olivine-phyric tholeiitic basalt with relatively high-Fe and low Na_2O that contrasts with other basalts in the area (Ferns and Gilbert, 1992). This unit is considered by Headwater geologists to be broadly equivalent to the Lower Basalt flows encountered at the DeLamar Mine (Bonnichsen, 1983), which were erupted from 16.7–16.5 Ma (Hasten, 2012). These older tholeiitic basalt flows are thought to underlie the entire Mahogany project area and potentially represent a favorable vein host.

Figure 4 Regional Map Showing the Oregon-Idaho Graben (OIG) in Context of the Dike Swarms of the Columbia River Basalt Group (CRBG Dikes), the Northern Nevada Rift (NNR), and the Western Snake River Plain (WSRP)

(Modified after Cummings et al. (2000), regional features in the vicinity of the Oregon Idaho graben depicted by additional symbols as follows: BG—Baker graben; C—Crowley; CR—Castle Rock; DM—Dooley Mountain; GP—Graveyard Point, HB— Harney basin; HJ— Huntington Junction; HM—Hart Mountain; LOVF—Lake Owyhee volcanic field; MVF— McDermitt volcanic field; PM—Pueblo Mountains; SM—Steens Mountain; SCR—Silver City Range; SRP— Snake River plain; WB—Westfall Butte; WR—Warner Range; UR—Unity Reservoir; Y—Yellowstone Plateau. WA—Washington; OR—Oregon; ID—Idaho; MT—Montana; WY—Wyoming; UT—Utah; NV— Nevada; CA—California, numbers displayed along the Snake River plain (SRP) show the age progression of rhyolitic volcanism).



Intermediate Volcanic Rocks

The Mahogany Property is dominated by andesitic vent-facies pyroclastic and volcaniclastic deposits, as well as andesite flows and subvolcanic intrusions. Deposits were generated by a series of hydrovolcanic eruptions, probably from maars and tuff rings. Proximal facies tuffs include thin-bedded, clast-supported lapilli tuffs while vent facies tuffs include massive matrix-supported breccias (Ferns and Gilbert, 1992). Units of this package are best exposed in Succor Creek Canyon and exhibit abrupt changes in thickness that are interpreted as the result of eruption from local vents. The unit is preserved in the footwall of the Main Ridge Fault and is extensively altered north of the silicified vent breccias.

Felsic Tuff and Epiclastic Sediments

The most widespread package of rocks exposed at the Mahogany property consists of interbedded fine-grained felsic tuff, epiclastic siltstones and sandstones, and coarse-grained fluvial deposits shed westward from the Owyhee highlands to a basin within the Oregon-Idaho Graben. At Mahogany, this package has been divided into six units by Headwater geologists mapping at 1:5,000 scale (Figure 5). Notably glass-rich, fine-grained tuffs occur throughout the package (Tmrt, Tbt, Twr) and have been distinguished on the basis of stratigraphic position with respect to interlayered marker units. Similarly, fine tuffaceous sediments that make up Tst1, Tst2, and Twst have, so far, been distinguished on the basis of stratigraphic position rather than lithology.

Breccia Hill

Two knobs consisting of intensely silicified pinkish red limonitic breccia hold up the northeast-trending ridge referred to as Breccia Hill (Figure 5). The breccia contains angular clasts of tuff and epiclastic sediments derived from the local formations as well as cm-scale angular fragments of pale pink sinter and fossilized reeds (Gilbert, 1988). These outcrops are interpreted to be the partially eroded remnants of pipe-shaped hydrothermal breccia bodies that may extend close to the paleosurface, incorporating subaerial debris. Within the breccia are cm-scale oval-shaped voids with banded silica coatings. Framboidal pyrite is reportedly present in less oxidized breccia material. Surrounding the breccia bodies is a zone of strong potassic alteration that occurs as an apron of low-weathering pale yellow to white clay underlain by weakly silicified sandstones and pebble conglomerate. The potassic alteration assemblage is made up of illite, adularia, and quartz.

Rotary Ridge

Rotary Ridge comprises a gently tilted package of strongly silicified tuffaceous siltstones preserved in the hanging wall of the Main Ridge Fault that extends approximately 200 m from the fault trace toward Breccia Hill. Silicified outcrops along Rotary Ridge host quartz-calcite-zeolite veins up to 10 cm wide and breccia zones containing fine grained white quartz-calcite matrix. Rotary Ridge was the focus of initial surface exploration, including trenching by Manville that yielded 0.05 opt Au over 19.8 m and 0.20 opt Au over 3.04 m in a second trench (Ferns, 1997). Quartz-adularia-pyrite veins and quartz-calcite-zeolite veins and stockworks are reported from this area (Gilbert, 1988).

Mahogany Property Mineralization

Hydrothermal alteration at the Mahogany Property is characteristic of a low sulphidation hot spring-type epithermal system. There is pronounced lateral zonation from a high-temperature zone dominated by silica and illite to a propylitic halo (Figure 6). At the periphery of the system, low temperature zeolite alteration is widespread, forming deposits large enough to sustain commercial quarry operations. A north-trending corridor of high temperature alteration extends 30 km along the Main Ridge Fault, suggesting this structure was the main control on hydrothermal fluid up-flow. Gold mineralization at surface occurs mainly within a broad zone of intense quartz-illite alteration that encompasses the areas of historical exploration work referred to by Headwater as Rotary Ridge and Breccia Hill, as well as a 301 m long section of the Main Ridge Fault. Sinter occurs on the property at Breccia Hill both as displaced blocks up to 1-m-wide and as clasts within the densely silicified phreatic bodies. The presence of sinter indicates that the epithermal system is preserved at a high level and the structural level at which bonanza-type vein mineralization is predicted to occur has yet to be tested at depth. Headwater has not yet carried out petrographic or hyperspectral analysis at Mahogany.

Mineralized fault breccias containing up to 55 ppm Au were identified by Headwater geologists in pervasively silicified epiclastic sandstones and siltstones within tabular breccia zones up to 3.5-m-wide along the trace of the Main Ridge Fault. The breccias consist of angular, blocky, cm-scale clasts and are mainly clast-supported. The breccia matrix consists of fine-grain silicified cataclasite and fine buff-white zeolite, identified by Gilbert (1988) as laumontite. Clast surfaces locally exhibit fine drusy quartz overgrowths. The outcrops are pale orange to tan with weak limonitic staining throughout, but otherwise show little evidence of sulphide mineralization. Extremely fine-grained adularia has been identified in thin section from fault breccias in this area by Gilbert (1988).

Katey Property Geology

The Katey gold prospect is hosted in middle Miocene volcanic and sedimentary rocks of the Three Fingers Caldera, located in the Lake Owyhee Volcanic Field (Rytuba et al., 1991). Fracture zones developed at the margin of the Three Fingers Caldera margin appear to be important controls on mineralization and the emplacement of rhyolitic plugs and domes. The stratigraphy of the property is characterized by intracaldera tuff and tuffaceous and clastic sediments intercalated with basalt and rhyolite flows (Figure 7). Normal faults that were active during middle Miocene volcanism generally strike NNW and appear to have relatively steep dips. NNW-trending faults both cut and are overlapped by Miocene volcanic and sedimentary rocks. Following the initial eruption of the Three Fingers Caldera, volcanic and volcaniclastic sedimentary deposits filled basins formed during syn-magmatic extension and likely transtensional deformation. Intra-caldera rhyolite domes and flows were likely emplaced in grabens, where local fractures may have served as magmatic conduits. The best gold values occur in two separate areas of the property, referred to as the West Zone and East Zone. Additional areas of high-level alteration and anomalous pathfinder element geochemistry (As, Hg) were defined by Asarco and confirmed by Headwater and are referred to as the West Canyon Zone and South Zone.

West Zone

The West Zone is characterized by hydrothermal veins and vent breccias cross-cutting both clastic and tuffaceous sediments and ash flow tuffs. The surface expression of West Zone is a small plug of silicified arkose approximately 75 m in diameter. A mineralized shallow-dipping calcite breccia roughly parallel to the bedding cuts the upper portion of the exposure. A northwest-striking normal fault bisects the exposure of silicified arkose. A one- to two-m-wide silicified rubble breccia with clasts up to 50 cm in diameter fills the fault on the southwest side of the exposure. This is interpreted to be a fissure-like hot spring vent which was filled with surface debris.

East Zone

The East Zone is hosted in pervasively altered rhyolite porphyry (map unit Trp) in a structural corridor within a series of rhyolite domes that intruded the Three Fingers Caldera margin. Rhyolite porphyry in the East Zone contains chalcedonic and opaline stockwork veins and extensive brecciation which grades outwards into kaolinite +illite +chlorite alteration. Small amounts of cinnabar are present at shallow levels in the kaolinite zone. Surface channel samples by Manville outlined mineralization in the East Zone where historical gold values averaged 0.02 - 0.03 opt, along an interval up to or exceeding 30 m in length.

Katey Property Mineralization

Gold mineralization within the Katey prospect is spatially related to small high-silica rhyolite domes. Hydrothermal activity was concurrent with the deposition of fluvial sediments within the caldera moat (Rytuba et al., 1990). Host rocks for the mineralization include the Spring Creek tuff, arkosic sandstones, and high silica rhyolites.

The highest historical Au concentration (7.1 ppm) was found in a sample of silicified high-silica rhyolite from the East Zone of mineralization. Gold was present in this sample as sub-micron sized electrum grains disseminated within the devitrified matrix of the rhyolite. Within the West Zone gold mineralization is restricted to the central silicified zone of alteration. Gold concentrations in this zone are typically between 0.1 and 0.2 ppm (Manville Corp. data).

Highest historical As and Sb concentrations (512 and 30 ppm, respectively) are found in samples containing quartz-pyrite veins. Highest historical Hg concentrations (8.138 ppm) are found in a smectite-altered plug of high-silica rhyolite located approximately 500 metres north of the East zone. Cinnabar is assumed to be the Hg-bearing mineral phase.

Significant features of mineralization in the Katey prospect include: (1) spatial relationship of gold mineralization to high-silica rhyolite domes; (2) high concentrations of Ag, Se, and Mo; and (3) abundance of gypsum in the West Zone of mineralization. The spatial distribution of sulfate and clay mineral alteration zones around a central area of silicification in the West Zone is typical of many epithermal mineral deposits (Bonham, 1988). This pattern of alteration is indicative of zones where surficial steam-heated acid sulfate waters are mixing with rising boiling fluids (Hedenquist, 1986).

Deposit Type

Katey and Mahogany are hot spring-type low sulphidation gold prospects. Previous workers were clearly focused on shallow, bulk tonnage targets. At both properties the untested targets are structurally controlled zones at slightly greater depth, which conventional models of low sulphidation epithermal deposits predict to be the main mineralization zone in such systems.

Figure 5 Mahogany Geology Mapped by Headwater

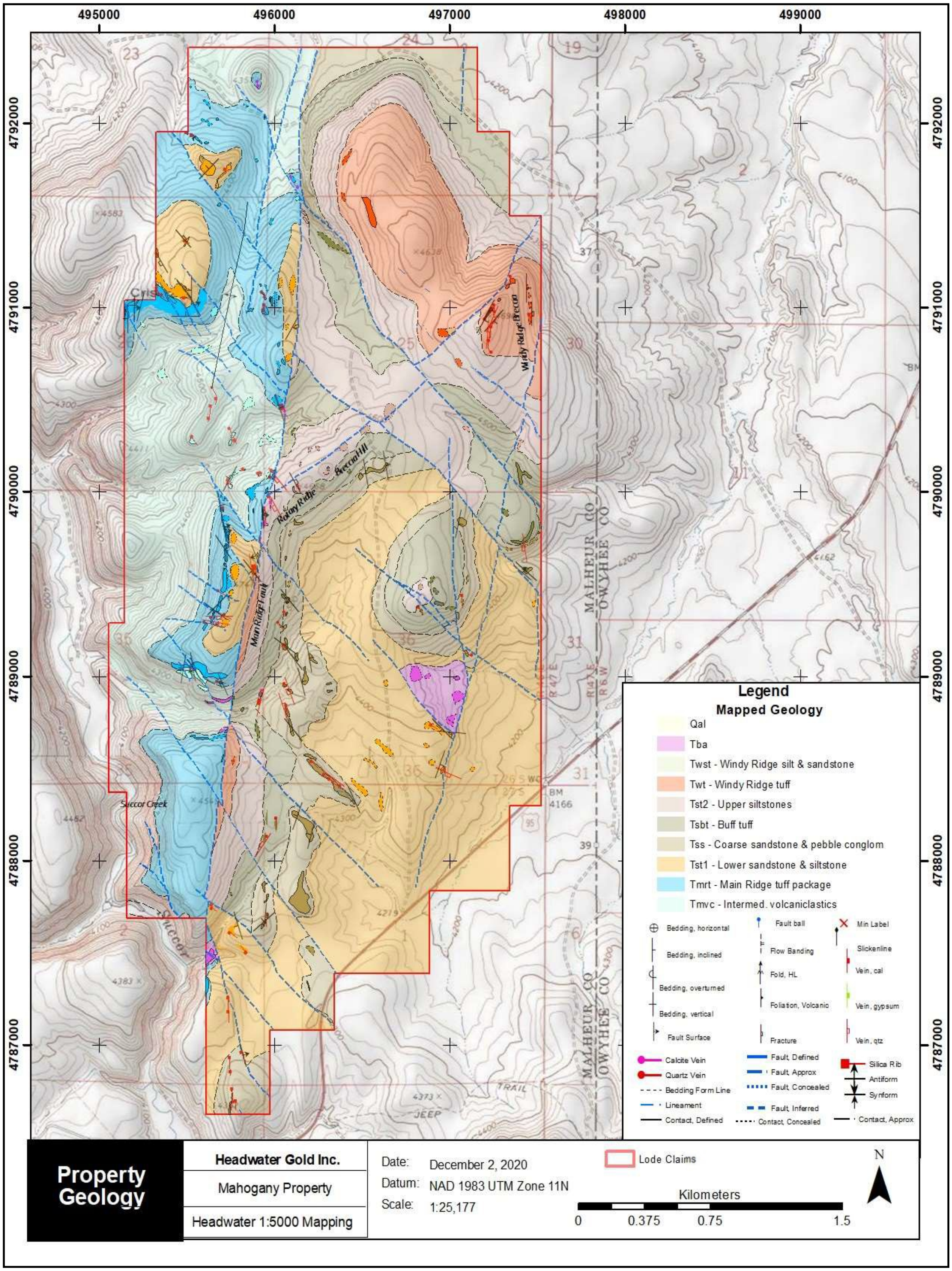


Figure 6 Mahogany Alteration Interpreted by Headwater

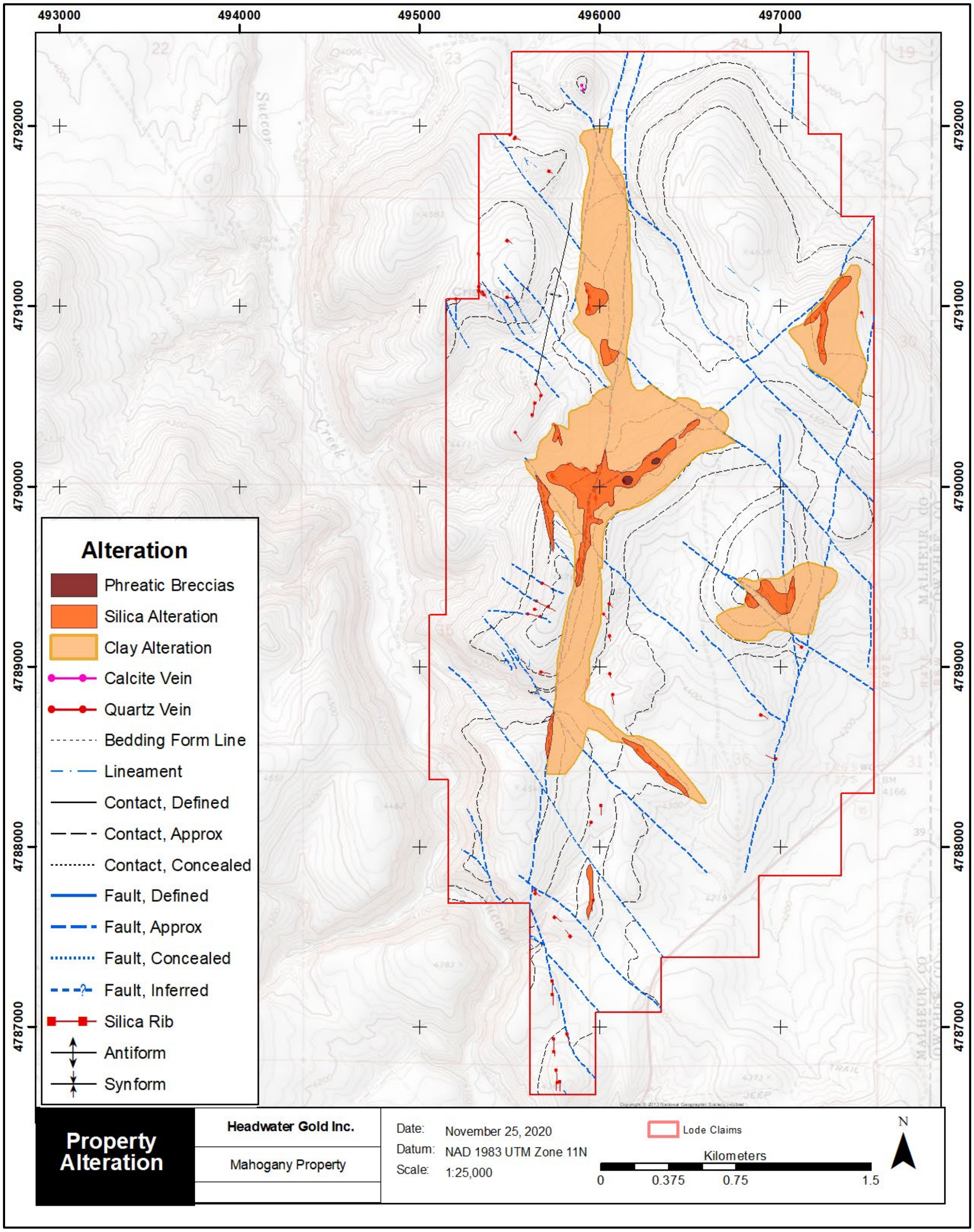
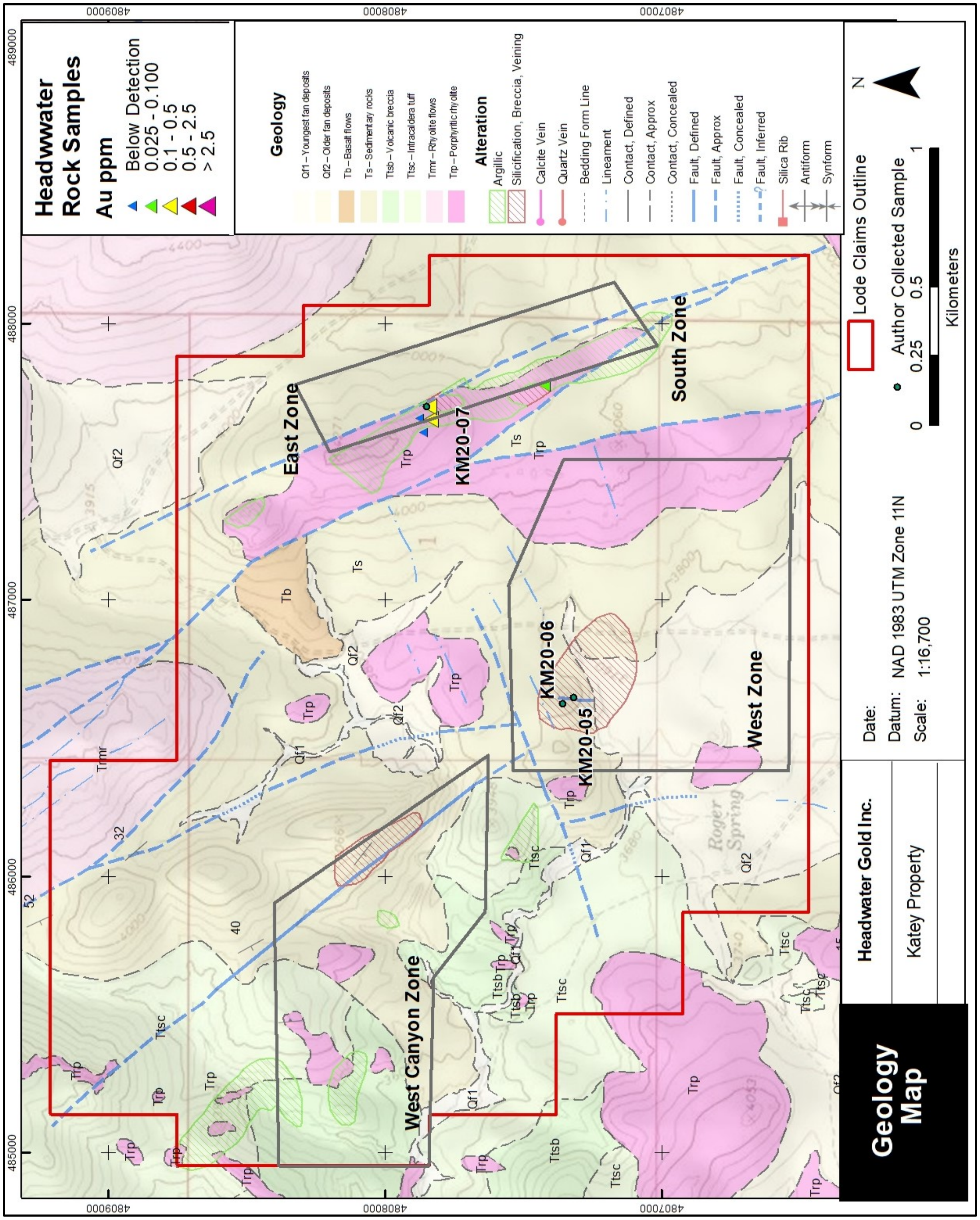


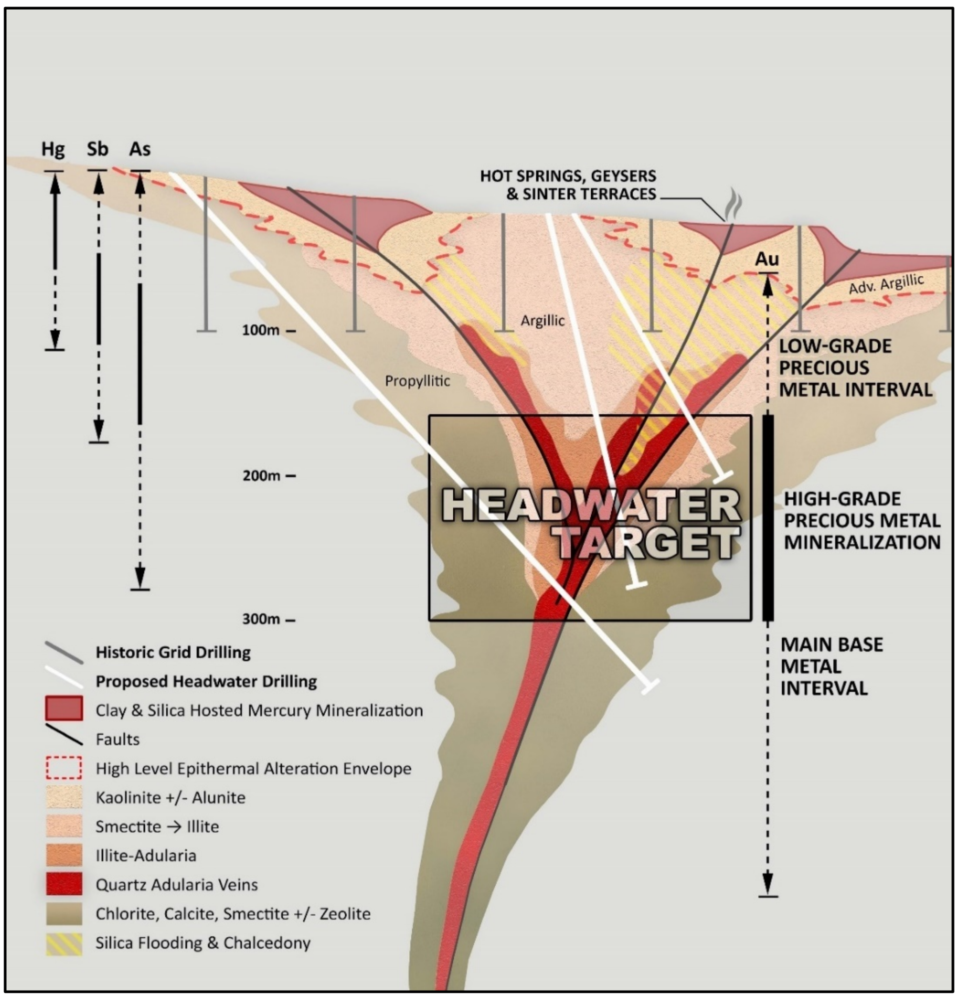
Figure 7 Katey Geology Mapped by Headwater



Headwater intends to test "bonanza" targets predicted to occur at depths up to a few hundred metres below the paleosurface (Figure 8). Locating the principal fluid conduits is critical to this exploration concept. Therefore, Headwater's exploration work has prioritized identification of mineralized structures and alteration zonation.

Contemporary models of low sulphidation systems point to strong vertical zonation of alteration and metals, mainly related to strong gradients in temperature and pressure near the surface. At both Katey and Mahogany, alteration mineralogy and textures are characteristic of the highest levels of low sulphidation systems, such that the current level of exposure is as little as a few tens of metres below the paleosurface. The alteration assemblage at both properties is characterized by chalcedony and silica flooding, and quartz-calcite veins. Further evidence of very high-level alteration at Mahogany includes blocks of possible subaerial sinter in the apron of eroded material around the hydrothermal breccia knobs. Lateral zonation of gangue minerals at Mahogany is also consistent with classic low sulphidation epithermal alteration zonation, including coarse-bladed calcite veins, agate, and zeolites all outboard of the core target area.

Figure 8 Schematic Model of a Low Sulphidation Epithermal Mineralizing System
(modified after Sillitoe and Hedenquist, 2003)



Exploration

Headwater staked the core claim groups at Katey and Mahogany between September 1 and September 4, 2019 and immediately commenced exploration activity in September and October 2019. This activity consisted of geological reconnaissance and rock chip sampling to confirm geochemical anomalies and gold mineralization in outcrops previously reported in academic theses (Gilbert, 1988; Zimmerman, 1991) and public reports. The preliminary rock sampling program by Headwater geologists confirmed gold mineralization in hydrothermal vent breccias at Mahogany and chalcedonic stockwork veins and breccia at Katey. Headwater geologists followed alteration along strike of the Main Ridge Fault at Mahogany and encountered gold mineralization in silicified and brecciated tuffaceous sandstone (rock samples RX512448 with 23 ppm Au, RX984619 with 25.1 ppm Au, and RX984620 float sample with 55.2 ppm Au).

Headwater Gold Inc. undertook a more extensive exploration program at the Katey and Mahogany Properties from June 28, 2020 to October 18, 2020 that consisted of soil sampling, stream sediment sampling, rock sampling, 1:5,000 scale bedrock and alteration mapping and drone magnetic surveys. The program resulted in the collection of 721 soil samples, 24 stream sediments, 129 rock samples, and 448 line-kilometres of drone magnetics. Outcrop mapping of lithology and alteration for Katey was compiled at 1:5,000 scale in GIS and verified in the field by Headwater geologists. Interpreted geology (Figure 5) and alteration maps (Figure 6) of the Mahogany claim block were generated based on 1:5000-scale outcrop mapping by Headwater geologists in the summer of 2020.

Figure 5 is the resultant map generated by Headwater's 1:5000 mapping program. The Mahogany geology and mineralization in this report comes from the observations during the 2020 mapping program.

Rock and Soil Geochemical Sampling

The Mahogany soil survey yielded gold and arsenic anomalies across the Main Ridge Fault and hydrothermal vent breccias, in good agreement with rock chip geochemistry and stream sediments (see Figure 9 to Figure 12).

Soil sampling over the Katey target yielded gold, mercury, and arsenic anomalies in close agreement with historical soils data collected by Asarco in 1989 (Figure 13 to Figure 15). Soil anomalies at Katey correlate with outcropping mineralization in the West and East zones (see Figure 6 for locations of zones) but also reveal subtle pathfinder element anomalies in an area of alluvial cover that has never been drilled, centered on UTM coordinates 487,000E, 4,808,000N.

Geophysical Surveys

A drone magnetic survey was completed over the Katey and Mahogany Properties during Sept. 9 - 13, 2020 by MWH Geo-surveys for a total of 448 line-kilometres, of which 172.48 line-kilometres are on the Katey and Mahogany Properties. The objectives of the surveying were to define structures, lithologies, and alteration in support of the gold exploration program on the property. Data processing and interpretation were performed by Wright Geophysics.

Preliminary interpretation of the drone magnetics from Mahogany highlights strong horizontal gradient across the southern extension of the Main Ridge Fault and a broad magnetic low across the area of most intense argillic alteration and silicification (Wright, 2020a). Numerous magnetic lows peripheral to known mineralization along the Main Ridge Fault at Mahogany represent potential targets under thin cover.

At Katey, two strongly contrasting magnetic domains are separated by north-northwest-striking structures that underlie the East Zone alteration area and are consistent with the interpretation that Katey lies at the margin of a Miocene caldera. The western half of the property is characterized by non-magnetic intra-caldera tuffs and tuffaceous sediments. The eastern domain is characterized by strong magnetic response from flat-lying lavas that lie outside the interpreted caldera margin (Wright, 2020b).

Mahogany Airborne Magnetic Survey

Mahogany Property geophysical survey lines are oriented east-west and spaced at 100 m. A total of 280 line-km comprises the total data resource with stations space approximately 0.8 metres along the lines. A total of 103.6 of the 280 line-km are on the Mahogany Property (Figure 16) .

Wright's (2020a) interpretation of the drone magnetics reveals an array of north-south structures cut by east-west to west-northwest structures, both of which find support in the regional data. Mapped alteration in the southwest corner of the survey correlate with north-south structures. These structures extend to the north end of the survey and should be considered target areas, particularly at the intersection with the cross-structure zone. Numerous other north-south structures are noted to the east in the survey area. Any of these with anomalous geochemical associations should also be considered targets.

The structures are based mostly on magnetic contrasts best defined by the horizontal gradient (HG) of the Reduced to Pole (RTP) magnetic data Contrasts are marked by ridges in the HG, as well as terminations and offsets in the RTP. The structures form a north-south swarm with continuity across the survey area. Various strands of the swarm have been interpreted as offset by several east-west to west-northwest-trending structures in the middle of the claim block. The structural trends independently interpreted from the magnetic data are compatible with the orientations of faults mapped by Headwater geologists (Figure 5). Areas of highly variable magnetic response have been interpreted as magnetite-destructive hydrothermal alteration (Figure 16; Wright, 2020a). An interesting circular magnetic low is located east of the alteration polygons and labeled with ALT/INT on Figure 6. The area of the magnetic pattern is not highly variable, indicating the magnetic low could well be an unaltered basaltic intrusion.

Katey Airborne Magnetic Survey

The Katey Property flight lines are oriented east-west and spaced at 100 m. A total of 168 line-km comprises the total data resource with stations spaced approximately 0.8 metres along the flight lines. Of the total 168 line-kilometres acquired, 68.88 line-kilometres are on the Katey Property.

Wright (2020b) provided a summary of the interpreted structures, lithologies and alteration with the mapped alteration (Figure 17). The interpretation is shown over topography with mapped argillic and silica alteration depicted with coloured polygons. Immediately apparent is the correlation of mapped alteration with the two main structural trends. A linear trend of argillic alteration with scattered silica extends over one kilometre across a large area of interpreted alteration (Figure 17). Extending in a northwest trend along the NW Cross Structure Zone are six mapped areas of both argillic and silica alteration. As noted, intersection of the two alteration trends coincides with a large area of interpreted alteration (Figure 17).

Drilling

Historic drilling at the Katey and Mahogany Properties took place between 1986 and 1990.

Mahogany Property

From 1988 to 1990 Chevron Resources completed eight reverse circulation holes, totalling 632.6 metres of drilling. Significant gold intercepts, estimated collar locations, and depths are summarized in Table 2. Approximate drill hole locations derived from historic Manville maps are shown in Figure 18. Geological logs are not available for the historic drill holes.

Figure 9 Mahogany Property: Gold in Soils

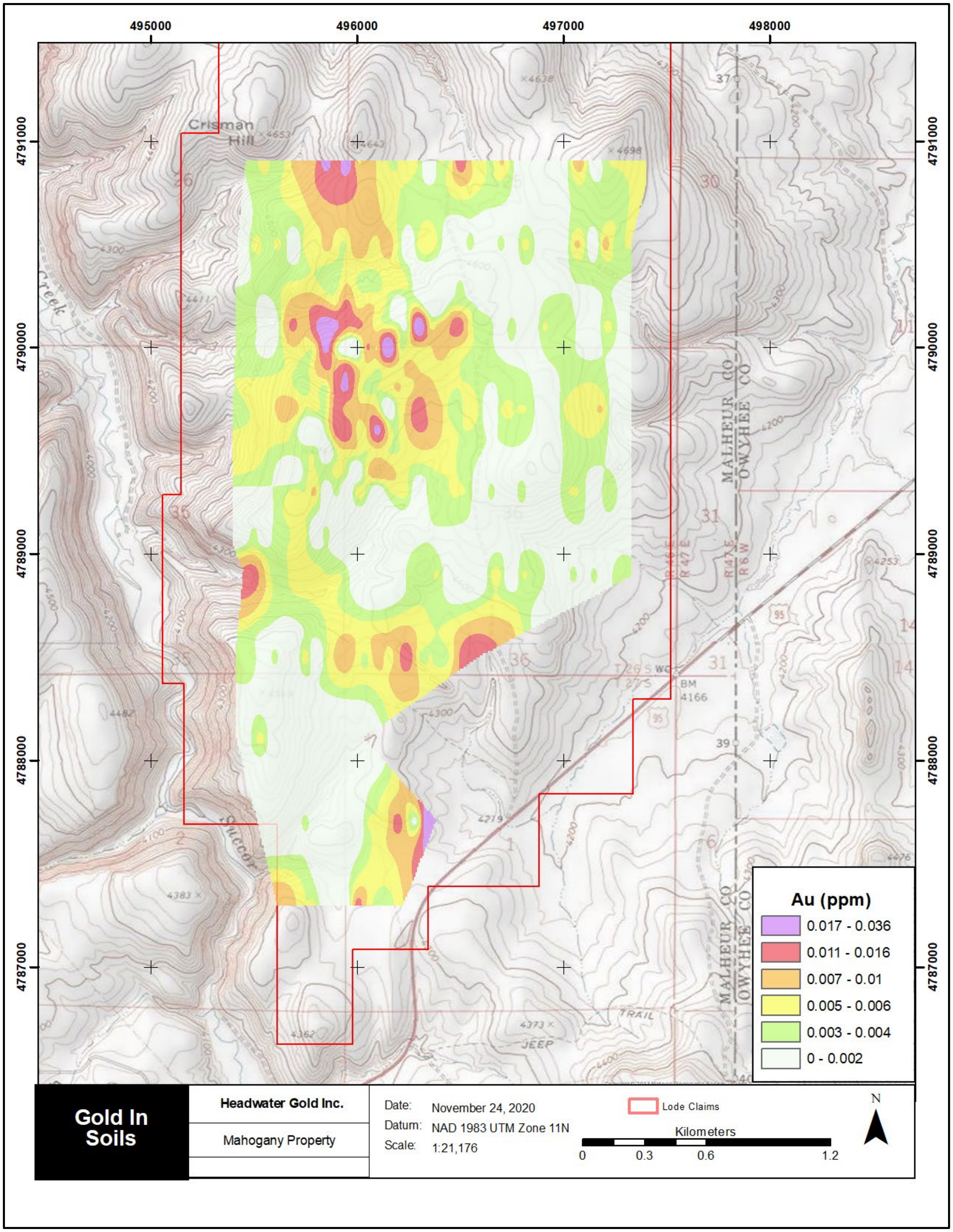


Figure 10 Mahogany Property: Arsenic in Soils

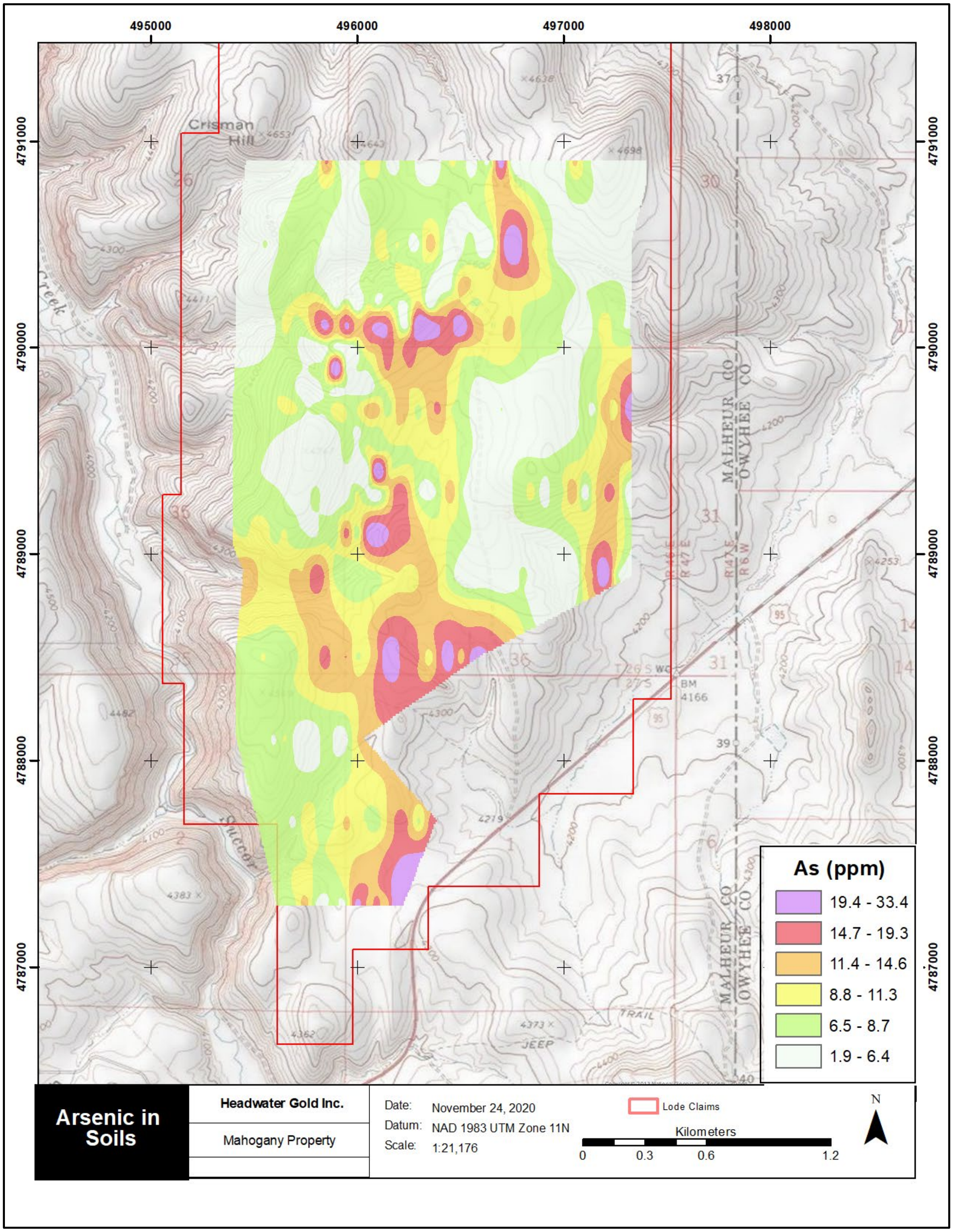


Figure 11 Mahogany Property: Mercury in Soils

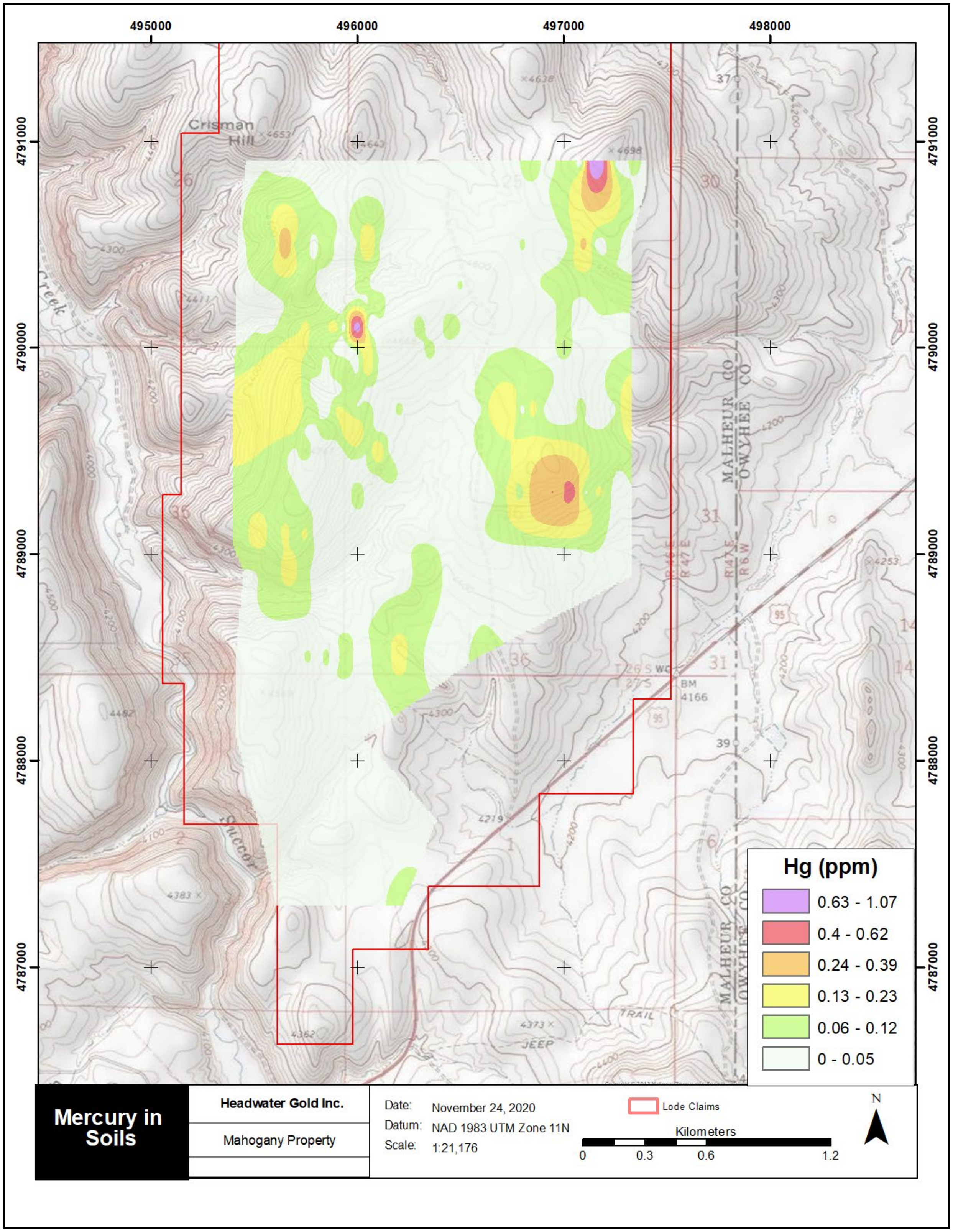


Figure 12 Mahogany Property: Rock and Stream Sediment Geochemistry

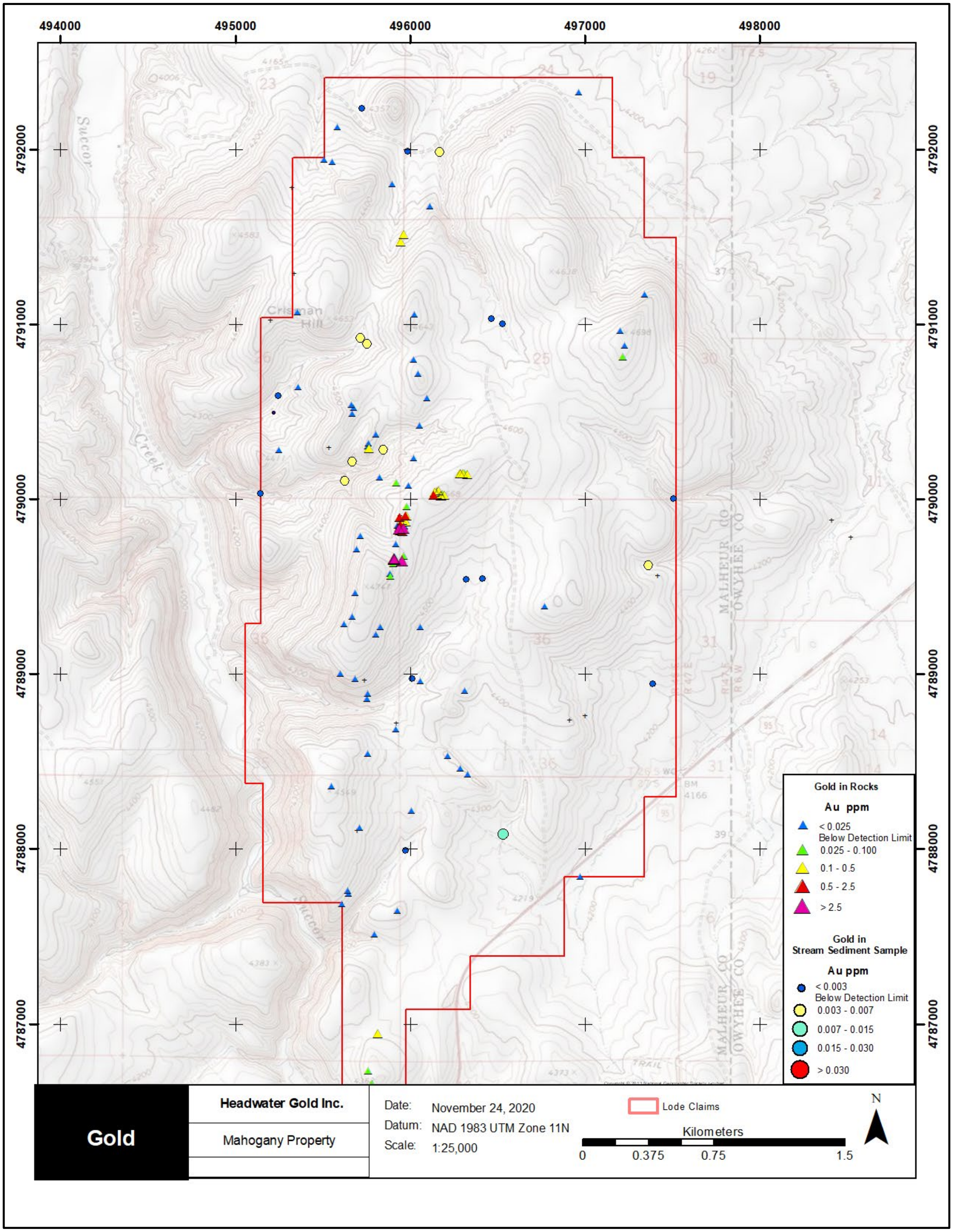


Figure 13 Katey Property: Gold in Soils

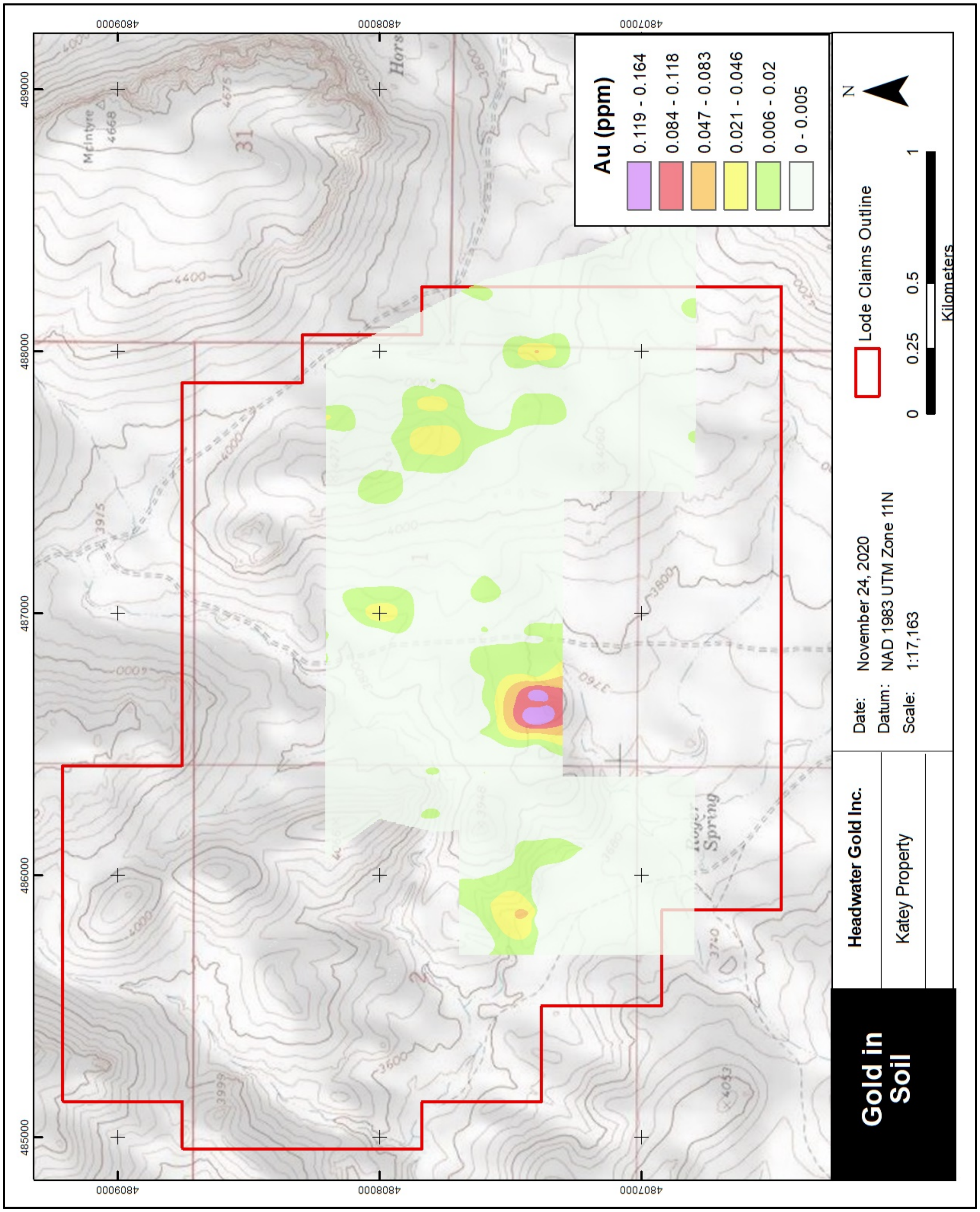


Figure 14 Katey Property: Arsenic in Soils

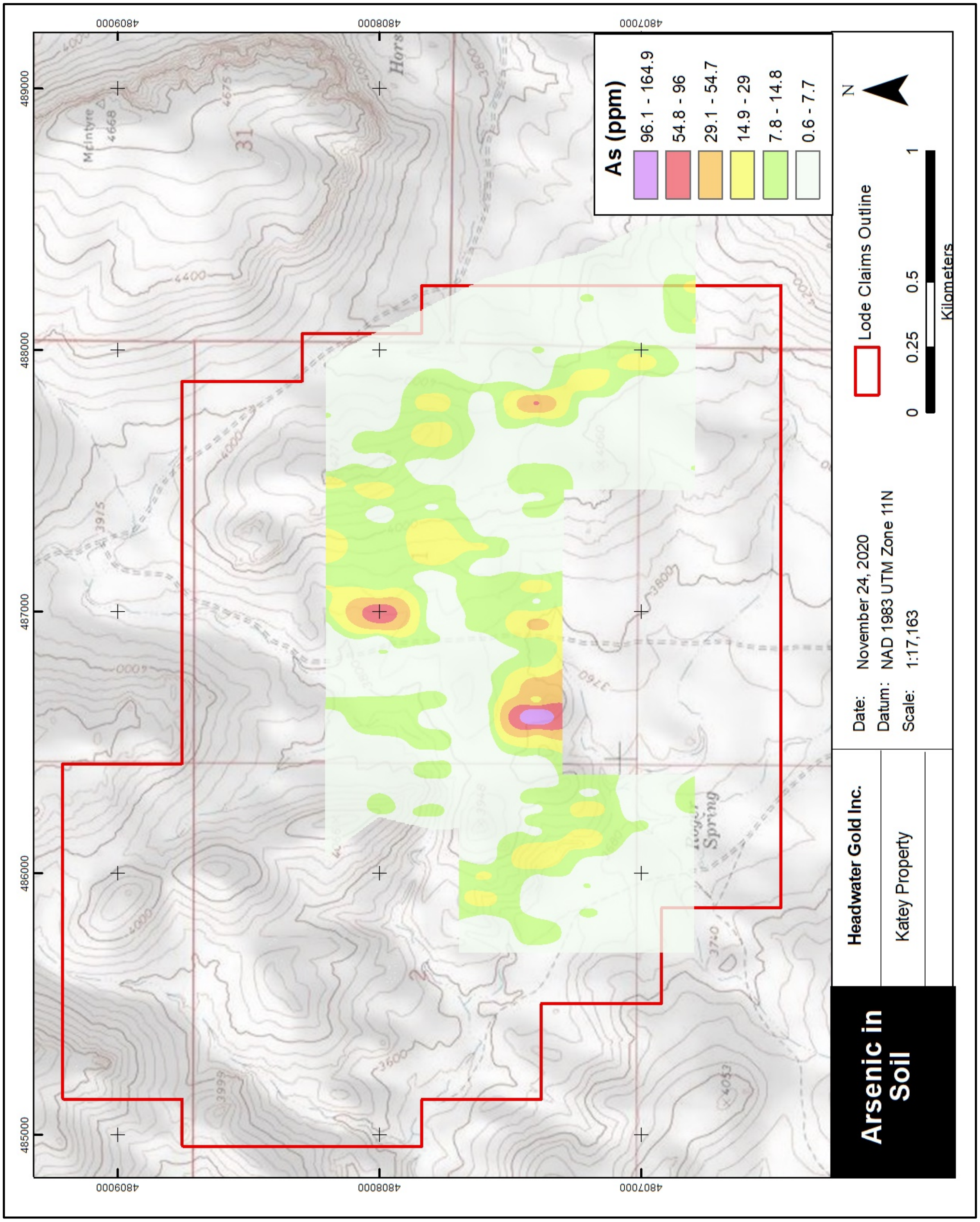


Figure 15 Katey Property: Mercury in Soils

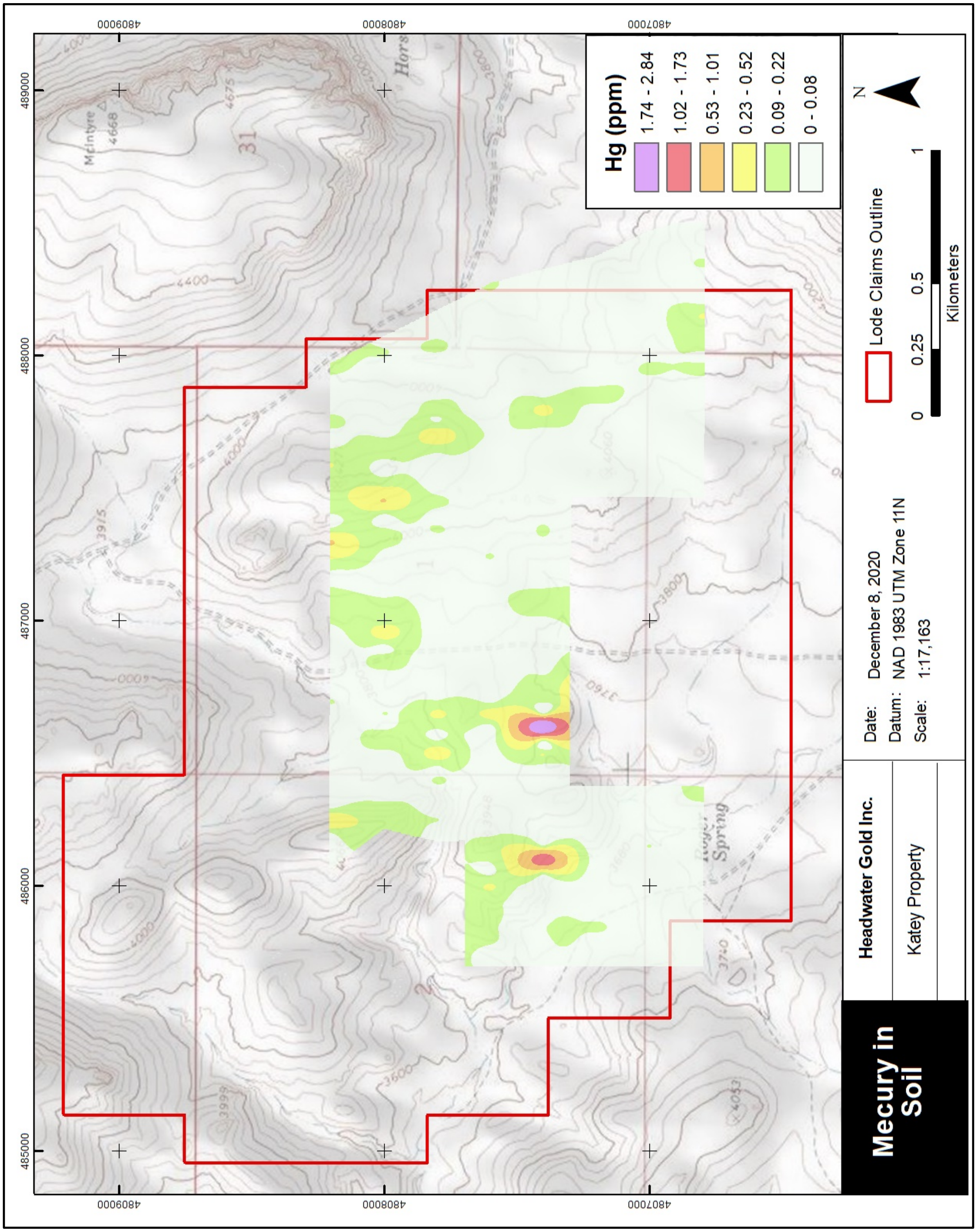


Figure 16 Shaded RTP HG Interpretation over Gray Shade Topography

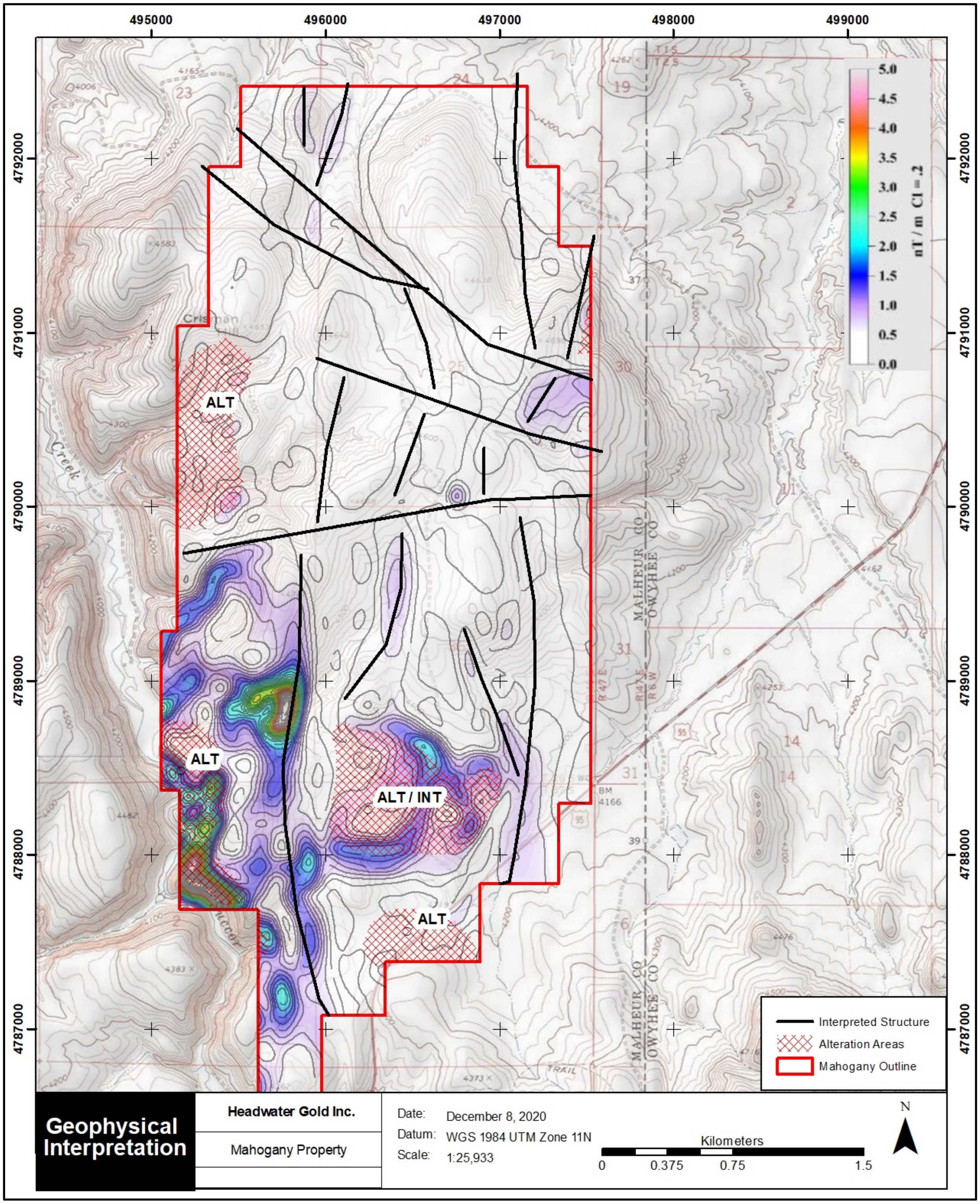


Figure 17 Interpretation and Mapped Alteration over Topography

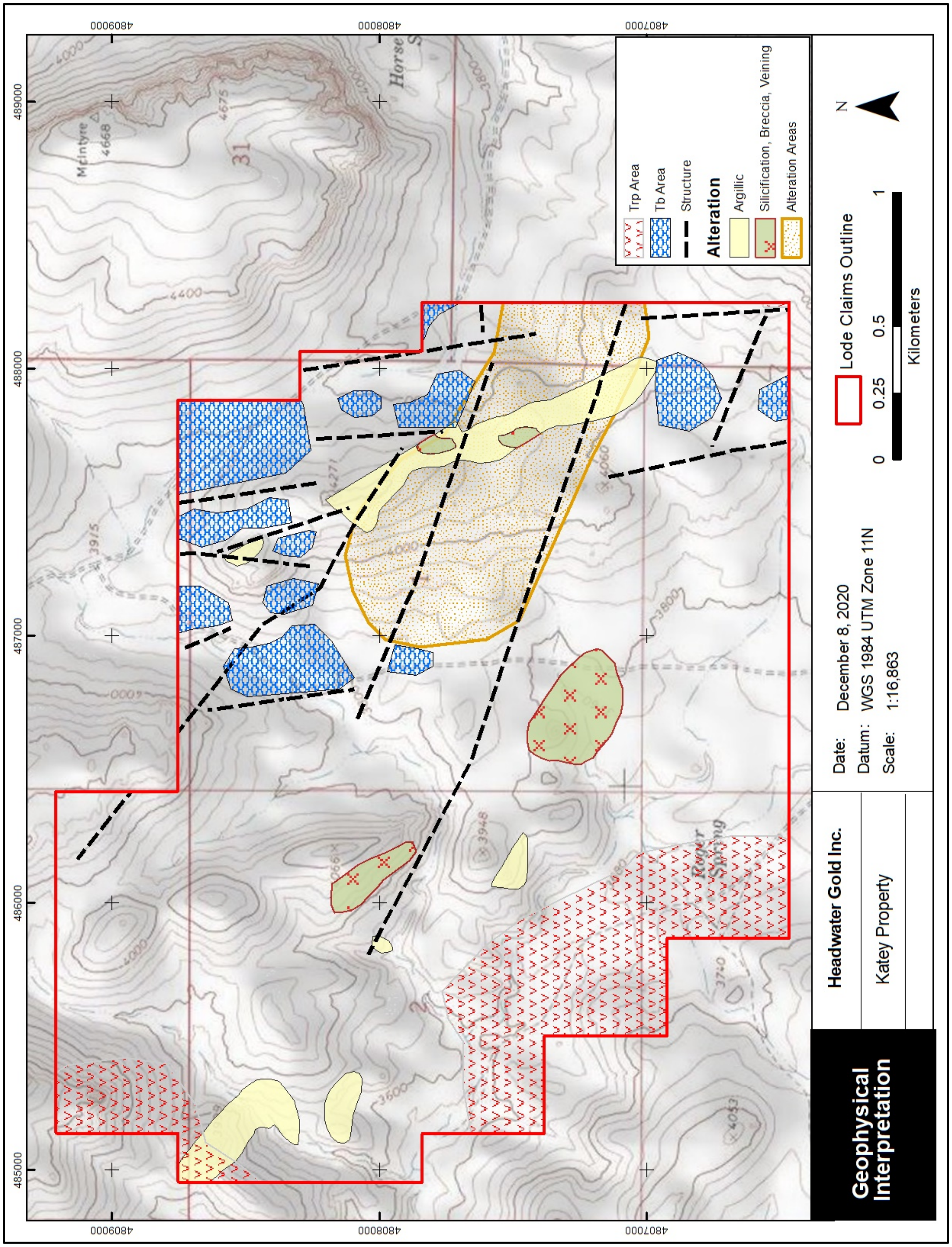


Figure 18 Mahogany Property Historical Drilling

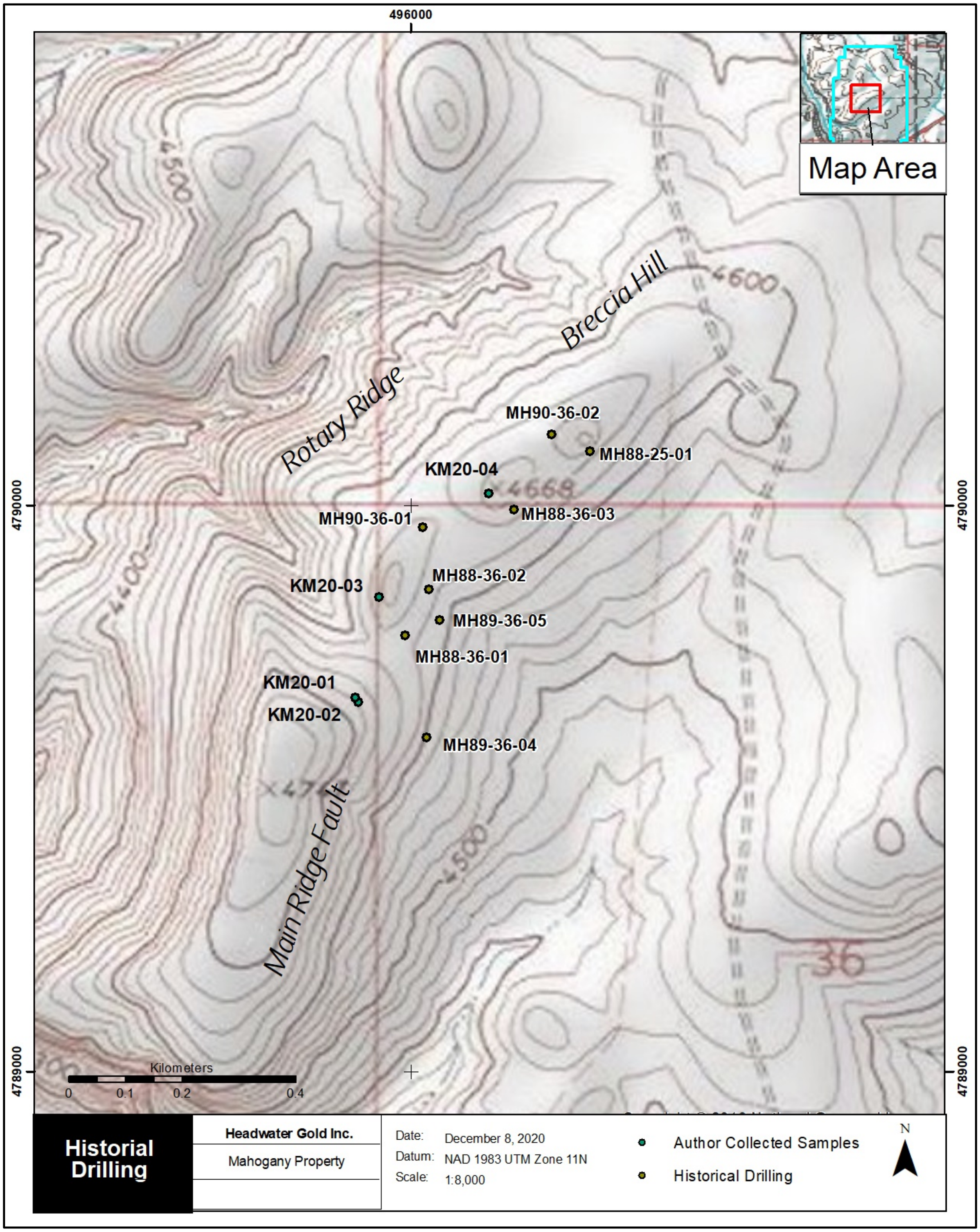


Table 2 Mahogany Property Historical Drilling

Hole_ID	Year	Type	Nad83E	NAD 83N	Total Depth (feet)	Totat Depth Meters	Azimuth	Significant Intercept
MH88-36-01	1988	RC	495988	4789770	350	106.71	330	35 ft of .0328 opt Au from 175-210'
MH88-36-02	1988	RC	496031	4789852	260	79.27	300	10 ft 0.048 opt Au from 115-125 '
MH88-36-03	1988	RC	496181	4789993	150	45.73	340	
MH88-25-01	1988	RC	496315	4790096	150	45.73	340	
MH89-36-04	1989	RC	496026	4789591	485	147.87	285	
MH89-36-05	1989	RC	496049	4789798	370	112.80	0	10 ft of 0.026 ppm Au from 360-370'
MH90-36-1	1990	RC	496019	4789962	275	83.84	220	
MH90-36-2	1990	RC	496247	4790126	35	10.67	0	
		Total			2075	632.62		

Notes: The UTM coordinates are derived from historical maps georeferenced by Headwater

Katey Property

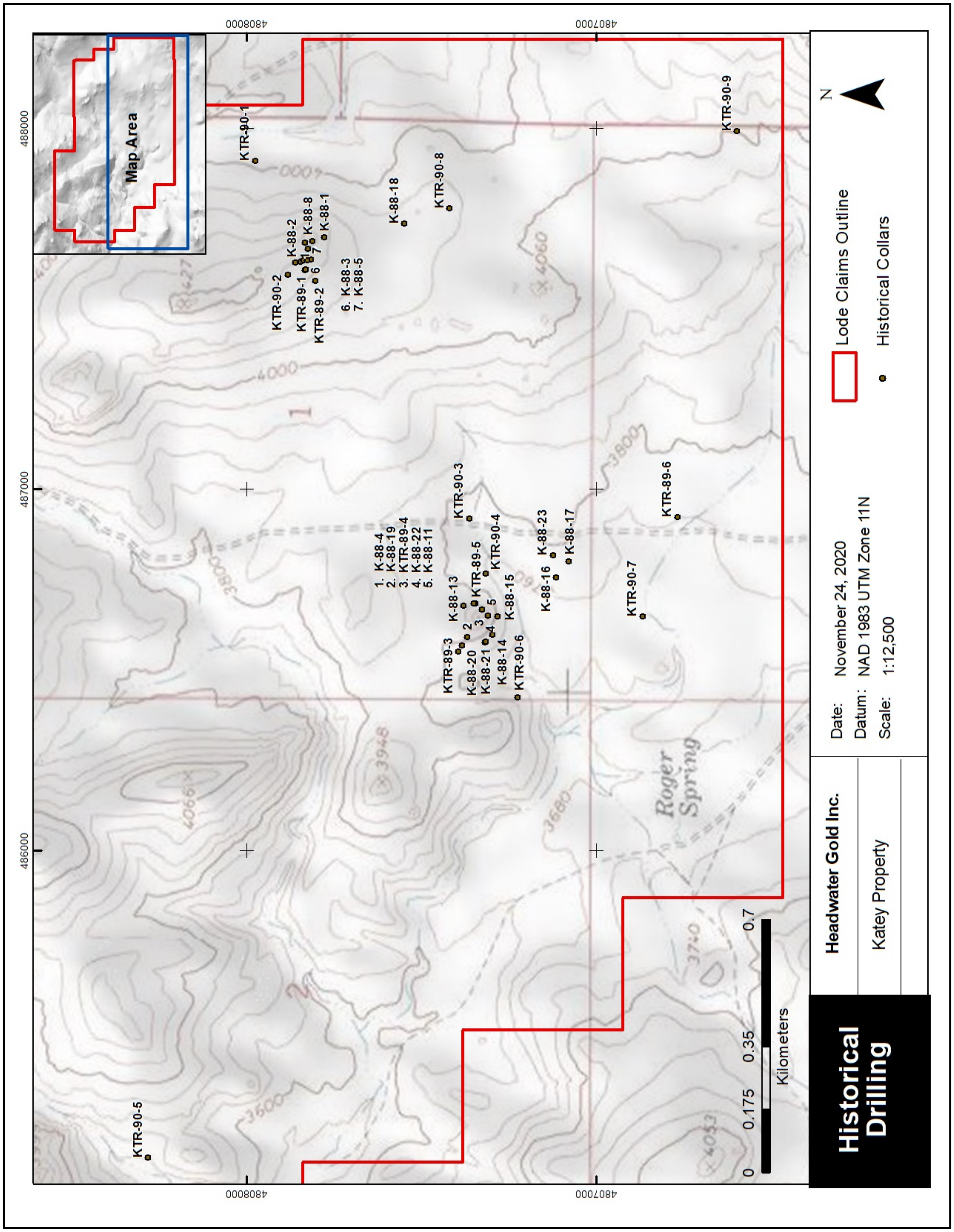
In the late 1980's and early 1990's the Katey Property saw two companies undertake drill programs, both Manville and Asarco. Significant gold intercepts are compiled in Table 3, and the locations of historic drill holes from Katey are shown in Figure 19.

Table 3 Katey Property Historical Drilling

Hole_ID	Year	Type	NAD83E	NAD83N	Total Depth (feet)	Total Depth (meter)	Azimuth	Company	Significant Intercepts
KTR-90-1	1990	RC	487911	4807974	500	152.44		Asarco	
KTR-90-2	1990	RC	487595	4807881	500	152.44		Asarco	
KTR-90-3	1990	RC	486920	4807363	500	152.44		Asarco	
KTR-90-4	1990	RC	486767	4807314	500	152.44		Asarco	
KTR-90-5	1990	RC	485150	4808280	500	152.44		Asarco	
KTR-90-6	1990	RC	486426	4807224	500	152.44		Asarco	
KTR-90-7	1990	RC	486650	4806867	500	152.44		Asarco	
KTR-90-8	1990	RC	487780	4807418	485	147.87		Asarco	
KTR-90-9	1990	RC	487993	4806597	260	79.27		Asarco	
KTR-89-1	1989	RC	487608	4807833	440	134.15		Asarco	
KTR-89-2	1989	RC	487578	4807802	390	118.90		Asarco	10 ft of 0.07 opt Au from 260' to 270'
KTR-89-3	1989	RC	486552	4807393	400	121.95		Asarco	
KTR-89-4	1989	RC	486653	4807309	400	121.95		Asarco	10 ft of 0.018 opt Au from 0' to 10'
KTR-89-5	1989	RC	486685	4807345	420	128.05		Asarco	120 ft of 0.02 opt Au from 0' to 120'
KTR-89-6	1989	RC	486925	4806768	420	128.05		Asarco	
K-88-1	1988	DDH	487700	4807778	80	24.39	330	Manville	3.5 ft of 0.081 opt Au from 8.8' to 12.2'
K-88-2	1988	DDH	487632	4807844	181.7	55.40	140	Manville	5 ft of 0.18 opt Au from 13' to 22'
K-88-3	1988	DDH	487611	4807829	36	10.98		Manville	
K-88-4	1988	DDH	487629	4807859	206.6	62.99		Manville	
K-88-5	1988	DDH	487667	4807824	174.5	53.20		Manville	
K-88-6	1988	DDH	487638	4807815	93	28.35		Manville	
K-88-7	1988	DDH	487635	4807836	85	25.91		Manville	5 ft of 0.061 opt Au from 0' to 5'
K-88-8	1988	DDH	487688	4807810	35.5	10.82		Manville	
K-88-9	1988	DDH	487637	4807825	75.9	23.14		Manville	
K-88-10	1988	DDH	487684	4807831	181.3	55.27		Manville	
K-88-11	1988	DDH	486669	4807326	376	114.63	5	Manville	10 ft of 0.036 opt Au from 0' to 10' and 48 ft of 0.018 opt Au from 155' to 203'
K-88-12	1988	DDH	486685	4807348	396	120.73	265	Manville	10 ft of 0.188 opt Au from 40' to 50'
K-88-13	1988	DDH	486679	4807378	655	199.70		Manville	
K-88-14	1988	DDH	486598	4807296	270.5	82.47		Manville	
K-88-15	1988	DDH	486650	4807281	218	66.46		Manville	
K-88-16	1988	DDH	486757	4807114	197	60.06		Manville	
K-88-17	1988	DDH	486802	4807077	82.5	25.15		Manville	
K-88-18	1988	DDH	487738	4807548	175.5	53.51		Manville	5.5 ft of 0.015 opt Au from 93' to 98.5'
K-88-19	1988	DDH	486592	4807369	274.3	83.63	125	Manville	7 ft of 0.024 opt Au from 0' to 7' and 84.3 ft of 0.021 opt Au from 190' to 274.3'TD
K-88-20	1988	DDH	486568	4807383	174.8	53.29		Manville	
K-88-21	1988	DDH	486579	4807317	117.3	35.76		Manville	
K-88-22	1988	DDH	486579	4807316	186	56.71		Manville	
K-88-23	1988	DDH	486819	4807124	364.4	111.10		Manville	
			Total feet		11,351.8	3460.91			
RC= Reverse Circulation Drilling									
DDD= Diamond Drill Core									

Notes: The UTM coordinates are derived from historical maps georeferenced by Headwater

Figure 19 Katey Property Historical Drilling



Sampling, Analysis and Data Verification

Headwater Gold Inc. undertook exploration at the Katey and Mahogany Properties from September, 2019 to October, 2020. Exploration crews stayed in Jordan Valley and accessed the property daily via Highway 95 and Succor Creek Road.

Rock Sampling

Rock chip sampling was carried out by three Headwater geologists and resulted in the collection of 123 rock samples from the Mahogany area and 26 samples from the Katey area. Rock samples consisted of grab and chip samples. Sample locations were recorded with industry standard handheld GPS units in NAD83 UTM coordinates. Other relevant data recorded in the field included lithology and alteration. Sample material was photographed, and a witness (specimen) sample retained for reference. Field data are entered in an Excel spreadsheet and then imported to a master SQL database.

The sample material was placed in marked Protexo bags. These bags were then placed in marked and sealed rice bags and hand-delivered by Headwater geologists to either ALS labs or American Assay labs, both located in Sparks, Nevada. Rock samples sent to American Assay (accredited assay Laboratory ISO/IEC 17025:2005) underwent 30-gram Lead-Fire Assay and 21 elemental ICP-OES analysis. Rock samples sent to ALS underwent analyses for Ultra Trace Aqua Regia ICP-MS (ME-MS41) and Au 50 g Fire Assay with an ICP-AES Finish (Au-ICP22), Ore Grade Ag Aqua Regia (Ag-OG46), Ore Grade Elements-Aqua Regia ICP (ME-OG46). ALS Minerals Reno is ISO/IEC 17025:2005 Accredited by the Standards Council of Canada.

Soil Sampling

A total of 721 soil samples were collected over the Katey and Mahogany targets by Headwater personnel and contractors between June 28 and October 18, 2020. Sample locations were collected on east-west survey lines with 50 m spacing between sample sites. The north-south line spacing was 200 m except for the area of most intense alteration and mineralization at Mahogany, where the line spacing was reduced to 100 m. Sample sites were located in the field using handheld GPS units.

Soil samples were taken from substratum at depths of 30-70 cm using a shovel and plastic trowel. Sample material was taken from the bottom of each hole and sieved through a 12-mesh (1.7 mm) classifying sieve into Protexo soil sample bags. Sample ID, location in NAD83 UTM coordinates, and colour were recorded in the field and then imported to a master SQL database. Each sample bag was marked with a sample ID at the sample site, then placed in a rice bag that was then zap-trapped closed. Samples were delivered by Headwater personnel and contractors to ALS labs and American Assay labs in Sparks, Nevada.

Soils samples sent to American Assays Laboratories underwent 30-gram Lead-Fire Assay and 21 elemental ICP-OES analysis.

Soils samples sent to ALS Reno laboratory and underwent analysis for Ultra Trace Aqua Regia ICP-MS (ME-MS41) and Au 50 g Fire Assay with an ICP-AES Finish (Au-ICP22).

Stream Sediment Sampling

A total of 24 stream sediment samples were taken from 1st and 2nd order drainages at Mahogany. No stream sediment samples were taken at Katey. All drainages were dry. Sample material consisted of silt and sand taken from overbank and bedload deposits. The material was collected using a shovel and plastic spade, and sieved through a 12-mesh (1.7 mm) classifying sieve into Protexo sample bags marked with sample ID. At each sample site the location was recorded in NAD83 UTM coordinates using a handheld GPS. Site description including components, moisture, lithology, and grain size were documented in the field and then transferred to a master SQL database. Samples were placed in rice bags, zap-strapped closed, and delivered by Headwater personnel to ALS labs in Sparks, Nevada. The samples underwent analysis for Ultra Trace Aqua Regia ICP-MS (ME-MS41) and Au 50 g Fire Assay with an ICP-AES Finish (Au-ICP22).

At this early prospective stage of the project, quality control was not undertaken by Headwater Gold Inc. ALS labs and American Assay labs are accredited and have their own Quality Control and Quality Assurance protocols for sample preparation and assaying. The author is of the opinion that the QA/QC use by the laboratory is sufficient for the size of the project.

Environmental Liabilities and Permitting

Management of the Company is not aware of any significant potential environmental liabilities associated with the Katey and Mahogany Properties. The Company is currently in the process of permitting both Properties at the state and Federal level. Drilling activities with which require less than 5 acres of total surface disturbance are authorized under an Exploration Notice level permit with the Bureau of Land Management. Requirements, limitations, and conditions of a Notice level permit are governed by Federal Regulation Part 43 Subpart 3809. The Katey and Mahogany Property activities will be initially conducted under a Notice level permit.

An Exploration Permit is also required by the state of Oregon for all activities that disturb more than one surface acre or involve drilling to greater than 50 feet for the purpose of determining presence, location, extent, grade or economic viability of mineralization.

The state of Oregon's Department of Geology and Mineral Industries (DOGAMI) currently recommends that applicants contact the department at least 180 days prior to initiation of activities. Other state, federal, tribal, and local agencies may require the applicant to obtain approval prior to operation. If an application is incomplete, the department shall notify the applicant in writing within 30 days of receipt and specify the deficiencies; the applicant may resubmit the application with deficiencies corrected within 60 days for review.

Minimum requirements for an Exploration Permit include:

- Completed Exploration Permit Application Form
- Non-refundable Application Fee
- Project Description and Reclamation Plan (see Reclamation Guidelines for Exploration Projects)
- Permit Area Map with Proposed Boundary and Activity Locations
- Proposed Reclamation Security Amount (see Exploration Bond Calculation Worksheet)

DOGAMI coordinates with other agencies to avoid duplication on the part of applicants. The department will notify local planning authorities and other appropriate public agencies that it has received the application for review. Based on external timelines, coordination with other agencies generally takes more than 30 days after receipt of a complete application for an Exploration Permit to be approved or denied by the department. The department may attach conditions to the DOGAMI permit to reflect concerns which are not adequately addressed. It is the applicant's responsibility to obtain any necessary permits from other agencies.

Exploration Permits must be renewed and reported upon annually until all activities and reclamation are complete.

USE OF AVAILABLE FUNDS

Available Funds

To the date of this prospectus, Headwater has raised $3,017,977 (net of $52,148 cash finders fees) through the issuance of Common Shares. These funds have been used for business development, claim staking and claims fees, as well as to commence exploration activities at the Katey and Mahogany projects and reconnaissance activities on the secondary properties in the Company's portfolio. Exploration activities on the Properties to date include the commission and completion of a NI 43-101-compliant technical report on the Properties, detailed mapping and sampling of the project as well as drone-based magnetic surveys (see "*Details of the Katey and Mahogany Project*").

Headwater has also raised gross proceeds of US $350,000 cash and received marketable securities valued at $2,380,250 upon the sale of several non-core properties it has staked using proprietary target generation software (see "*Acquisition and Disposition of Other Properties*").

In conjunction with the Company's proposed Listing, the Company has raised further funds of $3,888,021 (net of $182,203 cash finders' fees) in February 2021 through the issuance of Subscription Receipts. The Company intends to use the funds raised as described in the tables below; notably, the Company intends to continue its exploration program at the Katey and Mahogany Project including a drill program to be initiated soon after the proposed Listing.

The net proceeds, when added to the sum of $2,464,000, representing the estimated working capital of the Company as at March 31, 2021 and deducting the estimated listing transaction costs of $75,000, results in $6,277,021 in available funds.

Funds will be released from escrow upon conversion of the Subscription Receipts, which shall occur on the completion of certain conditions, specifically such conversion will occur following (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the CSE that the Issuer has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts.

The Company had a negative operating cash flow for the period from incorporation on January 14, 2019 to February 28, 2019, the year ended February 29, 2020 and the nine months ended November 30, 2020 and anticipates having negative operating cash flow for the year ended February 28, 2021 as well given its nature as a mineral exploration company. The net proceeds from the Private Placement will be used to fund the operation of the Company.

Source of funds	**Amount**
Estimated consolidated working capital as at April 30, 2021	$2,048,000
Estimated listing transaction costs	$(30,000)
Net proceeds from Private Placement	$3,888,021
Total funds available	**$5,906,021**

Principal Purposes

The following table sets out how the Company expects to use the funds available to it after completion of the distribution:

Use of funds available after completion of distribution	**Amount**
Exploration and Development of the Katey Project	$1,413,750(2)
Exploration and Development of the Mahogany Project	$1,413,750(2)
Exploration Salaries	$405,000
Executive Compensation	$363,000
Investor Relations	$180,000

Claims fees and other administrative fees of holding the Katey and Mahogany Projects and other staked land	$182,500
General and Administrative Expenses(1)	$470,000
Unallocated General Working Capital	$1,478,021(3)
Total	**$5,906,021**

Notes:

(1) The Company's projected General and Administrative expenses for the 12 months after listing date are:

Audit fees	$49,000
Insurance	$26,000
Legal fees	$8,000
Listing fees	$56,000
Office and miscellaneous	$75,000
Rent	$62,000
Salaries and consulting	$163,000
Transfer agent	$7,000
Travel	$24,000
Total:	$470,000

(2) Based on an exchange rate of 1 CAD = 0.80 USD

(3) A portion of unallocated working capital will be used for funding exploration on ancillary mineral projects, to be determined.

The Company anticipates that it will have sufficient cash available to execute its business plan and to pay its operating and administrative costs for at least twelve months following the Listing on the CSE.

Unallocated funds are intended to be for acquisition and exploration of mineral ancillary projects and contingency purposes. Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The Chief Financial Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company's requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

Business Objectives and Milestones

The Company intends to use the Technical Report as the basis for exploration at the Katey and Mahogany Project. The recommended work program consists of drill testing four target areas between the two projects: the West Zone at the Katey Project, and the Breccia Hill Zone, the Main Ridge Fault, and the Windy Ridge Breccia at the Mahogany Project.. It is anticipated that this drill program would take place over a six month period, and would cost an estimated $2,827,500 (based on an exchange rate of 1 CAD = 0.80 USD) which is inclusive of a contingency for cost-overruns.

DIVIDENDS OR DISTRIBUTIONS

The Company has not declared or paid any dividends on the Common Shares.

There are no restrictions in the Company's articles or elsewhere, other than customary general solvency requirements, which would prevent the Company from paying dividends. All of the Company's shares will be entitled to an equal share in any dividends declared and paid. It is anticipated that all available funds will be invested to finance the growth of the Company's business and accordingly it is not contemplated that any dividends will be paid on the Company's shares in the immediate or foreseeable future. The directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Financial Information of the Company

The following selected financial information has been derived from and is qualified in its entirety by the audited financial statements of the Company for the period from incorporation on January 14, 2019 to February 28, 2019 and the year ended February 29, 2020, and the unaudited financial statements for the nine months ended November 30, 2020 and notes thereto included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto, along with the Management's Discussion and Analysis ("**MD&A**") included in Schedule B of this Prospectus. All financial statements of the Company are prepared in accordance with International Financial Reporting Standards.

All amounts referred to as being derived from the financial statements of the Company are denoted in Canadian Dollars.

	As at November 30, 2020 and for the nine months ended November 30, 2020 (unaudited)	**As at February 29, 2020 and for the year ended February 29, 2020 (audited)**	**As at February 28, 2019 and for the period from January 14, 2019 to February 28, 2019 (audited)**
Net loss for the period	($93,955)	($415,120)	($4,898)
Comprehensive loss for the period	($89,810)	($420,438)	($4,898)
Cash	$1,279,803	$363,309	$43,688
Total assets	$3,181,693	$1,081,303	$335,256
Total liabilities	$203,656	$76,244	$83,904
Total shareholders' equity	$2,978,037	$1,005,059	$251,352

Management's Discussion and Analysis

The MD&A of the Company from the date of incorporation on January 14, 2019 to February 28, 2019, the year ended February 29, 2020 and the nine months ended November 30, 2020 are included in Schedule B to this Prospectus.

The MD&A for the Company should be read in conjunction with the financial statements and the accompanying notes thereto included in this Prospectus. Certain information contained in the MD&A constitutes forward-looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. See "*Note Regarding Forward-Looking Information*" and "*Risk Factors*".

DESCRIPTION OF SECURITIES DISTRIBUTED

Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As of the date hereof, there are 37,938,506 Common Shares issued and outstanding.

Common Shares

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per Common Share at the meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. All Common Shares issued upon deemed exercise of the Subscription Receipts will be fully paid and non-assessable. Upon deemed exercise of the Subscription Receipts, issuance of the finder shares in connection with the Private Placement and the issuance of shares to Iconic, it is expected that there will be approximately 49,567,718 Common Shares issued and outstanding. See "*Consolidated Capitalization – Fully Diluted Share Capital*."

CONSOLIDATED CAPITALIZATION

Consolidated Capitalization

The following table summarizes the Company's capitalization since incorporation and before and after giving effect to the deemed exercise of the Subscription Receipts. The table should be read in conjunction with the financial statements and the accompanying notes thereto included in this Prospectus.

Designation of Security	Amount Authorized	Outstanding as at November 30, 2020 (unaudited)	Outstanding as at the date of this Prospectus (unaudited)	Outstanding After Giving Effect to the Deemed Exercise of Subscription Receipts on the Listing Date (unaudited)(1)
Common Shares	Unlimited	37,938,506	37,938,506	49,567,718
Stock Options	n/a	3,735,000	3,735,000	3,735,000

Notes:

(1) On an undiluted basis. Assumes the issuance of 11,629,212 Common Shares upon deemed exercise of 11,629,212 Subscription Receipts upon the Listing Date.

Fully Diluted Share Capital

The following table sets forth the anticipated fully diluted share capital of the Company after giving effect to the deemed exercise of the Subscription Receipts and Incentive Stock Options.

	Number of Common Shares Issued or Reserved for Issuance After Giving Effect to the Deemed Exercise of Subscription Receipts	Percentage of issued and outstanding Common Shares after giving effect to the Offering on the Listing Date (fully-diluted)
Common Shares outstanding at the date of this Prospectus	37,938,506	71.17%
Common Shares to be issued upon deemed exercise of Subscription Receipts upon Listing Date	11,629,212	21.82%
Common Shares issuable upon exercise of options(1)	3,735,000	7.01%

Notes:

(1) The Company has granted an aggregate of 3,735,000 options for the purchase of an aggregate of up to 3,735,000 Common Shares to the directors, officers, employees, and advisors of the Company. See "*Executive Compensation*" for more information.

OPTIONS TO PURCHASE SECURITIES

A Stock Option Plan was approved by the Company's Board of Directors effective as of May 16, 2019 (the "**Stock Option Plan**"). The full text of the Stock Option Plan is attached as Schedule C to this Prospectus. The principal purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity to be issued with and acquire Shares of the Company, thereby increasing their proprietary interest in the Company, and 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 the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time.

The Stock Option Plan is administered by the Board of Directors of the Company, which has full and final authority with respect to the granting of all options and units thereunder.

Options may be granted under the Stock Option Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate.

The number of Shares which may be issuable under the Stock Option Plan and all of the Company's other previously established or proposed share compensation arrangements (a) shall not exceed 10% of the total number of the issued and outstanding Shares; (b) to any one participant within a 12-month period shall not exceed 5% of the total number of the issued and outstanding Shares; and (c) within a one-year period (i) to any one person, shall be no more than 5% of the total number of issued and outstanding Shares, with the exception of a consultant who may not receive grants of more than 2% of the total number of issued and outstanding Shares; (ii) to insiders as a group, shall be no more than 10% of the total number of issued and outstanding Shares and (iii) to persons employed to conduct Investor Relations Activities (as defined in the CSE policies), shall be no more than an aggregate of 2% of the total number of issued and outstanding Common Shares at any one time.

Stock Option Plan

The exercise prices of options will be determined by the Board of Directors, but will, in no event, be less than the closing market price of Common Shares on the trading day prior to the date of grant of the stock options. All options granted under the Stock Option Plan will expire no later than the date that is five years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

Subject to certain limitations, in the event that an option holder's position as a director, officer, employee or consultant is terminated for any reason other than long term disability, death or for cause, the options held by such option holder may be exercised within 90 days of termination, provided such options have vested and not expired.

Subject to certain limitations, in the event that an option holder's position as a director, officer, employee or consultant is terminated as a result of his or her death or long term disability, any options held by such option holder that could have been exercised immediately prior to such termination of service shall be exercisable for a period of one year following the termination of service of such option holder.

Subject to certain limitations, in the event that an option holder's employment is terminated for cause, the options held by such option holder shall expire and and terminate on the date of such termination for cause.

As of the date of this Prospectus, there are 3,735,000 options outstanding under the Plan. The Options are held as follows:

Optionee	Designation of Securities under Option	Number of Shares under Option	Exercise Price per Share	Expiry Date
All executive officers and past executive officers as a group (4 persons)	Shares Shares Shares	850,000[1] 700,000[2] 130,000[1]	\$0.10 \$0.20 \$0.22	July 24, 2024 August 12, 2025 November 24, 2025
All directors and past directors who are not also executive officers as a group (3 persons)	Shares Shares Shares	350,000[1] 600,000[1] 250,000[1]	\$0.10 \$0.20 \$0.22	July 24, 2024 August 12, 2025 November 24, 2025
All consultants and advisors and past	Shares Shares	300,000[3] 100,000[3]	\$0.10 \$0.10	July 24, 2024 September 1, 2024

consultants as a group (6 persons)	Shares Shares	100,000[3] 355,000[3]	$0.20 $0.22	August 12, 2025 November 24, 2025
Total		3,735,000		

Notes:

(1) Options or Shares realized upon exercise thereof will be subject to escrow.
(2) 600,000 Options or Shares realized upon exercise thereof will be subject to escrow.
(3) None of the options or Shares realized upon exercise thereof will be subject to escrow.

PRIOR SALES

The following table summarizes the sale or issuance of securities of the Company since the date of Incorporation to the date of this Prospectus.

Date	Number and Type of Securities	Issue / Exercise Price Per Security	Aggregate Issue / Exercise Price	Nature of Consideration Received
January 14, 2019	2 Shares[1]	$0.01	$0.02	Cash
February 11, 2019	8,750,000 Shares[2]	$0.005	$43,750	Cash
February 28, 2019	8,500,000 Shares[3]	$0.025	$212,500	Mineral properties
June 3, 2019	3,265,000 Shares[4]	$0.075	$244,875	Cash
July 24, 2019	1,500,000 Options[5]	$0.10	$150,000	N/A
September 1, 2019	100,000 Options[5]	$0.10	$10,000	N/A
September 16, 2019	3,635,000 Shares[6]	$0.075	$272,625	Cash
September 18, 2019	200,000 Shares[7]	$0.075	$15,000	Cash
September 19, 2019	300,000 Shares[8]	$0.075	$22,500	Debt Settlement
February 7, 2020	3,116,840 Shares[9]	$0.15	$467,526	Cash
March 6, 2020	2,291,664 Shares[10]	$0.15	$343,750	Cash
June 18, 2020	100,000 Shares[11]	$0.15	$15,000	Cash
August 12, 2020	1,400,000 Options[5]	$0.20	$280,000	N/A
September 28, 2020	7,580,000 Shares[12]	$0.22	$1,667,600	Cash
October 1, 2020	200,000 Shares[13]	$0.22	$44,000	Mineral property
November 24, 2020	735,000 Options[5]	$0.22	$161,700	N/A
February 11, 2021	11,629,212 Subscription Receipts[14]	$0.35	$4,070,224	Cash
Totals	37,938,506 Shares 11,629,212 Subscription Receipts 3,735,000 Options		$3,349,126 $4,070,224 $601,700	

Notes:

(1) Shares issued on incorporation. 1 of these Shares is held in escrow under the Escrow Agreement.
(2) Shares issued to the founders, for nominal consideration. 8,488,443 of these Shares are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.
(3) Shares issued pursuant to the Asset Purchase and Sale Agreement, all of which are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.

(4) Shares issued pursuant to a private placement. 600,000 of these Shares are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.
(5) See "Options and Other Rights to Purchase Securities" above.
(6) Shares issued pursuant to a private placement. 508,223 of these Shares are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.
(7) Shares issued pursuant to a private placement.
(8) Shares issued pursuant to a debt settlement agreement, all of which are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.
(9) Shares issued pursuant to a private placement. 272,500 of these Shares are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.
(10) Shares issued pursuant to a private placement.
(11) Shares issued pursuant to a private placement, all of which are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.
(12) Shares issued pursuant to a private placement. 760,000 of these Shares are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.
(13) Shares issued pursuant to the Crane Creek project.
(14) Subscription Receipts issued pursuant to a private placement. 560,000 of these Subscription Receipts are held in escrow under the Escrow Agreement. See "Escrowed Shares" below.

ESCROWED SECURITIES AND RESALE RESTRICTIONS

Escrowed Securities

Pursuant to National Policy 46-201 - Escrow for Initial Public Offerings ("**NP 46-201**") and applicable securities laws, all securities held by Principals (as defined below) are subject to escrow restrictions (the "**Escrowed Holders**"). Pursuant to that policy, the Securities held by certain securityholders must be placed in escrow with the Escrow Agent, to be released therefrom over a period of three years. Principals include all persons or companies that, on the completion of the Offering, fall into one of the following categories:

(a) directors and senior officers of the Corporation, as listed in this Prospectus;

(b) promoters of the Corporation during the two years preceding this Offering;

(c) those who own and/or control more than 10% of the Corporation's voting securities immediately before and immediately after completion of this Offering if they also have appointed or have the right to appoint a director or senior officer of the Corporation or of a material operating subsidiary of the Corporation;

(d) those who own and/or control more than 20% of the Corporation's voting securities immediately before and immediately after completion of this Offering; and

(e) associates and affiliates of any of the above.

A Principal's spouse and their relatives that live at the same address as the Principal are also considered Principals for the purposes of escrow.

The following table sets forth the aggregate number of securities to be held in escrow following the completion of the Offering:

Designation or Class	Number of Securities Held in Escrow(1)	Percentage of class as at the date of this Prospectus	Percentage of class after giving effect to the Offering on the Listing Date (fully diluted)(2)
Common Shares outstanding prior to the Offering	19,529,167	51.48%	N/A
Common Shares issued pursuant to the Offering	560,000	4.82%	N/A
Subtotal	20,089,167	N/A	40.53%
Stock Options	2,780,000	74.43%	74.43%

Notes:

(1) Securities are held in escrow pursuant to the Escrow Agreement. The securityholders subject to escrow are set forth in the table below. Pursuant to the Escrow Agreement the Escrowed Securities will be released from escrow as to 10% upon the Listing Date, with the balance in six equal releases at six-month intervals over the 36 months following the Listing Date. The Escrow agent is Endeavor Trust Corporation. See disclosure below for details of the dates and conditions of release of the Escrowed Shares.
(2) Based on there being 49,567,718 Shares outstanding.

The Principals of the Corporation are Alistair Waddell, Caleb Stroup, Tero Kosonen, Wendell Zerb, Graeme Currie, Sandra Wong, OCP Holdings Ltd., Garry Stock and their spouses and relatives that live at the same address. The following is a list of those securityholders who own Escrowed Securities subject to the Escrow Agreement:

Name and Municipality of Residence	No. of Escrow Shares	No. of Escrow Subscription Receipts	No. of Escrow Stock Options
OCP Holdings Ltd. *Vancouver, British Columbia*	12,038,443[1]	Nil	Nil
Alistair Waddell *Vancouver, British Columbia*	Nil	Nil	625,000
Waddell Consulting Inc. *Vancouver, British Columbia*	1,650,001[2]	30,000[2]	Nil
Caleb Stroup *Reno, Nevada*	2,550,000[1]	30,000[1]	680,000
Tero Kosonen *Shanghai, China*	1,645,723[1] 200,000[3]	250,000[3]	600,000
Wendell Zerb *Burnaby, British Columbia*	875,000[1]	Nil	350,000
Laurel Zerb *Burnaby, British Columbia*	150,000[1]	150,000[1]	Nil
Quinton Zerb *Burnaby, British Columbia*	20,000[1]	Nil	Nil
Graeme Currie *West Vancouver, British Columbia*	200,000[1]	100,000[3]	250,000
Sandra Wong *Vancouver, British Columbia*	100,000[1]	Nil	275,000
Garry Stock *North Vancouver, British Columbia*	100,000[1]	Nil	Nil
Total	**19,529,167**	**560,000**	**2,780,000**

Notes:

(1) Owned beneficially and of record.
(2) Alistair Waddell owns 100% of the voting securities of Waddell Consulting Inc.
(3) Owned beneficially and registered to an intermediary in trust.

The Company is an "emerging issuer" as defined in NP 46-201. Should the Company become an "established issuer" as defined in NP 46-201, the release of the remaining Escrowed Securities will be accelerated on a retroactive basis such that 25% would have been released on the Listing Date and an additional 25% would have been released every six months thereafter.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow Agreement except for certain circumstances, including:

(a) transfers to continuing or incoming directors and senior officers, subject to the Company's Board of Directors' approval;

(b) transfers to an RRSP or similar trust plan provided that the only beneficiaries are the transferor or the transferor's spouse or children;

(c) transfers upon bankruptcy to a trustee in bankruptcy; and

(d) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow.

The complete text of the Escrow Agreement is available for inspection at the registered and records office of the Company and is also available on SEDAR at www.sedar.com.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, other than as set forth below, no person directly or indirectly beneficially owns, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all the outstanding Common Shares as at the date of this Prospectus.

Shareholder	Number of Common Shares	Percentage of class prior to the Offering	Percentage of class after giving effect to the Offering
OCP Holdings Ltd.[1] *Vancouver, British Columbia*	12,038,443	31.73%	24.29%

Notes:

(1) The Principal Shareholders of OCP Holdings Ltd. include Crest Resources Inc. (35.98% interest), Tero Kosonen (15.44% interest) and Alistair Waddell (14.30% interest). The directors of OCP Holdings Ltd. are Tero Kosonen, who is also a director of the Company, and Garry Stock. The CFO and Corporate Secretary of OCP Holdings Ltd. is Sandra Wong, who is also CFO and Corporate Secretary of the Company.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table sets out the names, provinces or states of residence, positions, principal occupations, and the number and percentage of Common Shares that are beneficially owned or controlled by each of the current directors and officers of the Company as at the date of this Prospectus. The current directors of the Company are Alistair Waddell, Caleb Stroup, Tero Kosonen, Wendell Zerb and Graeme Currie and the current officers of the Company are Alistair Waddell (Executive Chairman), Caleb Stroup (President and Chief Executive Officer) and Sandra Wong (Chief Financial Officer and Corporate Secretary). The Company’s directors are expected to hold office until the next annual general meeting of shareholders and are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name and Province of Residence and Position with the Company	Director/Officer Since	Principal Occupation or Employment for the Past Five Years	Number and Percentage of Common Shares after giving effect to the Deemed Exercise of Subscription Receipts
ALISTAIR WADDELL British Columbia, Canada *Chairman and Director*	Chairman and Director since January 14, 2019 CEO from September 1, 2019 to March 1, 2021	Geologist and director and officer of several mining and mineral exploration companies. President and CEO of Inflection Resources Ltd. from February 2018 to present. Director of Precipitate Gold Corp. from March 2016 to present. Director of Winshear Gold Corp. from September 2019 to present. Director of North Stawell Minerals from July 2020 to present. VP Corporate Development & Exploration of Kingsgate Consolidated Ltd. from April 2016 to February 2018. Director of Spey Resources Corp. from June 2018 to September 2020.	1,680,001[2] 4.59%[3]
CALEB STROUP Reno, United States *President, CEO and Director*	President and Director since May 16, 2019 CEO since March 1, 2021	Geologist and Businessman. Senior Geologist at Kinross Gold USA from May 2015 to August 2018. Director and officer of several private mineral exploration companies.	2,580,000[4] 6.49%[5]
TERO KOSONEN[1] Shanghai, China *Director*	Director since May 16, 2019	Businessman and director and officer of several companies in various industries, including mining. Director of Inflection Resources Ltd. from March 2019 to present. In 2017, Co-Founded OCP Holdings Ltd., a venture capital group investing in mineral exploration opportunities globally.	2,095,723[6] 5.37%[7]
WENDELL ZERB[1] Burnaby, Canada *Director*	Director since July 27, 2020	Geologist and Businessman. Chair and Director of Inflection Resources Ltd. from March 2019 to present. President and CEO of Exeter Resource Corporation from February 2013 to June 2017.	1,195,000[8] 3.10%[9]
GRAEME CURRIE[1] West Vancouver, Canada *Director*	Director since November 1, 2020	Chair and Director of Pure Gold Mining Inc. from March 2014 to present. Director of Balmoral Resources Ltd. from January 2014 to May 2020.	300,000[4] 1.10%[10]

SANDRA WONG Vancouver, Canada *CFO and Corporate Secretary*	Corporate Secretary since May 16, 2019 CFO since January 4, 2021	Chartered Professional Accountant (CPA, CGA) and officer of several mineral exploration companies. CFO and Corporate Secretary of Opawica Explorations Inc. from July 2008 to present, RT Minerals Corp. from March 2009 to present, and Discovery Harbour Resources Corp. from September 2018 to May 2020. Corporate Secretary of Crest Resources Inc. from April 2019 to October 2020.	100,000[4] 0.75%[11]

Notes:

(1) Member of the Audit Committee

(2) Held by Waddell Consulting Inc., a private company beneficially owned by Mr. Waddell. In addition, Mr. Waddell holds a 14.30% interest in OCP Holdings Ltd., a private British Columbia company that owns 12,038,443 Shares.

(3) Includes the exercise of 625,000 stock options.

(4) Held directly.

(5) Includes the exercise of 680,000 stock options.

(6) Held directly. In addition, Mr. Kosonen is a director of and holds a 15.44% interest in OCP Holdings Ltd., a private British Columbia company that owns 12,038,443 Shares.

(7) Includes the exercise of 600,000 stock options.

(8) Includes the Shares held by the spouse and relative that live at the same address.

(9) Includes the exercise of 350,000 stock options.

(10) Includes the exercise of 250,000 stock options.

(11) Includes the exercise of 275,000 stock options.

As of the date of this Prospectus, the directors and executive officers, including spouses and associates, as a group beneficially own, directly or indirectly, or exercise control or direction over 19,529,167 Shares representing 51.48% of the issued and outstanding Shares as at such date and prior to the conversion of the Subscription Receipts.

Directors and Officers – Biographies

The following biographies provide information in respect of the current directors and officers of the Company.

ALISTAIR WADDELL, BSc., MAusIMM, *Executive Chairman and Director*

Mr. Waddell, age 47, has been Chairman and a director of the Company since January 14, 2019 and Chief Executive Officer from September 1, 2019 to March 1, 2020. He is also a director of the Company's subsidiary, CP Holdings Corporation, since June 3, 2019. His responsibilities with the Company in his capacity as Executive Chairman include capital raising, investor communications, and assisting with the management of day-to-day operations of the Company, executing policies implemented by the Board of Directors and reporting back to the Board. Mr. Waddell holds a B.Sc. (Hons.) Degree in Geology from the University of Derby in the United Kingdom (1994) and is a member of both the Society of Economic Geologists since 1999 and the Australian Institute of Metallurgy and Mining since 2014.

Mr. Waddell is an exploration Geologist with over 25 years of international experience in the mining industry. His diverse, global experience bridges both junior and major companies giving him a broad vision of the mining industry and associated capital markets. Mr. Waddell is a founder, President and CEO of Inflection Resources Ltd., an exploration company with mineral assets in Australia. He was a founder and former President and CEO of GoldQuest Mining Corp., an exploration company primarily focused exploration of on the Dominican Republic. He was previously Vice President - Greenfields Exploration for Kinross Gold Corp. from June 2010 to December 2015, responsible for all global Greenfields exploration initiatives. He is currently serving as director of Precipitate Gold Corp. since March 2016, a director of Palamina Corp. since November 2017, a director of Winshear Gold Corp. since September 2019, a director of North Stawell Minerals since July 2020, and served as a director of Spey Resources Corp. from June 2018 to September 2020 and VP Corporate Development & Exploration of Kingsgate Consolidated

Ltd. from April 2016 to February 2018. During his career he has lived and worked in the Dominican Republic, Bolivia, Peru, Ecuador, Chile, Venezuela, Australia and Canada.

Mr. Waddell is an independent contractor of the Company; and, in his capacity as Executive Chairman, will dedicate approximately 20% of his working time to the affairs of the Company. Mr. Waddell is subject to an independent contractor agreement with the Company, and so is contractually bound by confidentiality restrictions but not non-competition restrictions.

CALEB STROUP, M.Sc. (Geology)*, President, CEO and Director*

Mr. Stroup, age 37, has been a director and President of the Company since March 16, 2019, and CEO of the Company since March 1, 2021. He is also President and director of the Company's subsidiary, CP Holdings Corporation, since June 3, 2019. His responsibilities with the Company in his capacity as President and CEO include project generation and acquisition, geological targeting, capital raising and investor relations, and managing day to day operations of the Company. He holds a Master's degree in Geology from Idaho State University (2008) of Pocatello, Idaho, USA and a B.Sc. Degree in Geoscience from Winona State University (2006). Mr. Stroup is a lifetime member of the Geological Society of Nevada since 2011 and is also a member the Society of Economic Geologists since 2013 and the American Association of Professional Geologists since 2019.

Mr. Stroup is an exploration Geologist with approximately 15 years of experience with both major mining companies and junior resource exploration companies. Mr. Stroup is an expert in the geology of the Great Basin, and has extensive experience working on and evaluating gold exploration properties in the western USA. He previously served as Senior Geologist for Kinross Gold Corporation from May 2015 to August 2018. With Kinross he was responsible for Greenfields project generation and program management, as well as monitoring and evaluating advanced gold projects throughout North America.

Mr. Stroup is an independent contractor of the Company; and, in his capacity as President and CEO, will dedicate approximately 80% of his working time to the affairs of the Company. Mr. Stroup is subject to an independent contractor agreement with the Company through Hunter Gold LLC, a private company controlled by Mr. Stroup. Hunter Gold LLC and Mr. Stroup are contractually bound by the confidentiality restrictions of said agreement, but not subject to any non-competition restrictions.

TERO KOSONEN, M.Sc. (Econ.), *Director*

Mr. Kosonen, age 51, has been a director of the Company since May 16, 2019. He is also a director of the Company's subsidiary, CP Holdings Corporation since June 3, 2019. As a director, he is responsible for directing and overseeing management of the Company including serving on the audit committee. Mr. Kosonen holds a Master's degree in Economics from the University of Tampere in Finland (1993).

Mr. Kosonen is a co-founder and director of OCP Holdings Ltd., a private equity/venture capital group investing in mineral exploration opportunities globally. He has lived in Asia since 1994 and has over 25 years of experience in regional management roles, entrepreneurial ventures and investments in natural resources. Mr. Kosonen's principal occupation during the last five years is a Businessman and Investor. Mr. Kosonen is currently serving as director of Inflection Resources Ltd. since March 2019.

Mr. Kosonen is not an employee or independent contractor of the Company and in his capacity as director will dedicate less than 10% of his working time to the affairs of the Company. Mr. Kosonen is not a party to any written non-competition or confidentiality agreement with the Company.

WENDELL ZERB, BSc., P.Geol., *Director*

Mr. Zerb, age 57, has been a director of the Company since July 27, 2020. As a director, he is responsible for directing and overseeing management of the Company including serving on the audit committee. Mr. Zerb holds a B.Sc. Degree in Geology from the University of Alberta (1987).

Mr. Zerb has over 30 years combined experience in capital markets, mining, and mineral exploration and development. Mr. Zerb is currently serving as Chair and director of Inflection Resources Ltd. since December 2019. He previously served as Director, Research Analyst, Metals and Mining (Canaccord Genuity Inc.), Vice President of Research and

Institutional Sales, and President and Chief Executive Officer of a wholly owned US subsidiary (PI Financial). Most recently, he was President and CEO of Exeter Resource Corporation from February 2013 to June 2017. Exeter controlled the Caspiche Au – Cu deposit in Chile and was successfully purchased by Goldcorp in June 2017.

Mr. Zerb is not an employee or independent contractor of the Company and in his capacity as director will dedicate Less than 10% of his working time to the affairs of the Company. Mr. Zerb is not a party to any written non-competition or confidentiality agreement with the Company.

GRAEME CURRIE, *Director*

Mr. Currie, age 61, has been a director of the Company since November 1, 2020. As a director, he is responsible for directing and overseeing management of the Company including serving on the audit committee.

Mr. Currie is currently serving as Chair and director of Pure Gold Mining since March 2014 and was a director of Balmoral Resources from January 2014 to May 2020. Prior to this, Mr. Currie served as Director, Investment Banking at Canaccord Genuity Limited where he concentrated specifically on the junior mining sector. He retired from Canaccord in August 2012. Prior to his role in Investment Banking, he was with Canaccord as Senior Mining Analyst who focused for over 22 years on the junior mining sector. Mr. Currie has over three decades of industry experience directed specifically on junior exploration and development companies worldwide and has extensive knowledge of the capital markets as they relate to the mineral exploration and mining industry.

Mr. Currie is not an employee or independent contractor of the Company and in his capacity as director will dedicate less than 10% of his working time to the affairs of the Company. Mr. Currie is not a party to any written non-competition or confidentiality agreement with the Company.

SANDRA WONG, CPA, CGA, *Chief Financial Officer and Corporate Secretary*

Ms. Wong, age 50, has been Chief Financial Officer of the Company since January 4, 2021 and Corporate Secretary of the Company since May 16, 2019. She is also Secretary and Treasurer of the Company's subsidiary, CP Holdings Corporation since June 3, 2019. In her capacity as CFO, Ms. Wong reports to the President of the Company regarding strategic and tactical matters as they relate to budget management, cost-benefit analysis, forecasting needs and securing adequate funding, and is responsible for financial reporting and maintaining the financial records of the Company. In her capacity as Corporate Secretary, Ms. Wong is responsible for the efficient administration of the Company, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the board of directors are implemented. Ms. Wong holds a Bachelor of Commerce (B.Com) degree from the University of British Columbia (1993) and a Chartered Professional Accountant (British Columbia) (Certified General Accountant) designation (1999).

Ms. Wong is a Chartered Professional Accountant (CPA, CGA) and provides accounting, corporate secretarial and administrative services to public and private companies. She has several years of experience with reporting issuers, and currently serves as CFO and Corporate Secretary of Opawica Explorations Inc. (July 2008 to present) and RT Minerals Corp. (March 2009 to present) as well as Corporate Secretary of Inflection Resources Ltd. (March 2019 to present). Ms. Wong recently served as CFO and Corporate Secretary of Discovery Harbour Resources Corp. from September 2018 to May 2020 and as Corporate Secretary of Crest Resources Inc. from April 2019 to October 2020.

Ms. Wong is an employee of the Company; and, in her capacity as CFO and Corporate Secretary, will dedicate approximately 33% of her working time to the affairs of the Company. Ms. Wong is subject to an employment agreement with the Company, and so is contractually bound by confidentiality restrictions but not non-competition restrictions.

Committees

The only committee of the Board of Directors is the Audit Committee, which consists of Tero Kosonen (Chair), Graeme Currie and Wendell Zerb.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, no director or executive officer of the Company is, as at the date of this Prospectus, or was within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any 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 days, that was issued while the director or executive officer 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 days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person as acting in the capacity as director, chief executive officer or chief financial officer.

Cascade Resources Ltd., a reporting issuer of which Mr. Garry Stock, a director of OCP Holdings Ltd., was Chief Financial Officer and a director, was subject to a cease trade order commencing March 9, 2016 for failure to file annual financial statements for the year ended October 31, 2015 within the required time period. The company never came back to trade and was de-listed from the NEX Board of the TSX Venture Exchange on March 28, 2018, ostensibly for failure to pay NEX listing fees.

Coltstar Ventures Inc., a reporting issuer of which Mr. Garry Stock, a director of OCP Holdings Ltd., was Chief Executive Officer, Chief Financial Officer and a director, was subject to a cease trade order commencing May 10, 2012 and ending on June 21, 2013 for failure to file annual financial statements for the year ended December 31, 2012 within the required time period.

Bankruptcies

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of the Prospectus, or has been within the 10 years before the date of the Prospectus, a director or executive officer of any company that, while that person 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; or

(b) has, within the 10 years before the date of the 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 that person.

Penalties or Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, 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

The Company's directors are required to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity of the Company. However, the directors and officers may serve on the boards and/or as officers of other companies which may compete in the same industry as the Company, giving rise to potential conflicts of interest. To the extent that such other companies may participate in ventures in which the Company may participate, they may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such conflicts of interest arise at a meeting of directors, such conflicts of interest must be declared and the declaring parties must abstain from voting for or against the approval of such participation. The remaining directors will determine whether or not the Company will participate in any such project or opportunity.

The Company's directors and officers are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest, and will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. Such directors or officers in accordance with the Business Corporations Act (British Columbia) will disclose all such conflicts and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

EXECUTIVE COMPENSATION

In this section "Named Executive Officer" (an "**NEO**") means each individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year (a "**CEO**"), each individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year (a "**CFO**") and each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than CDN$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the financial year ended February 29, 2020, the Company had three individuals who were Named Executive Officers, namely (i) Alistair Waddell as Chief Executive Officer; (ii) Jerry Huang as Chief Financial Officer; and (iii) Caleb Stroup as President.

During the financial period from Incorporation on January 14, 2019 to February 28, 2019, the Company did not have any Named Executive Officers.

Compensation Discussion and Analysis

In assessing the compensation of its Named Executive Officers, the Company does not have in place any formal objectives, criteria or analysis; compensation payable is currently determined by the Board of Directors.

As of the date of this Prospectus, the Board of Directors has not established any benchmark or performance goals to be achieved or met by Named Executive Officers; however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors.

The Company's Named Executive Officer compensation during the most recently completed financial year ended February 29, 2020 and the financial period from Incorporation on January 14, 2019 to February 28, 2019 was determined and administered by the Board of Directors. The Board of Directors was solely responsible for assessing the compensation to be paid to the Company's Named Executive Officers and for evaluating their performance.

It is expected that once the Company becomes a reporting issuer, base salary will be the principal component of Named Executive Officer compensation. The base salary for each Named Executive Officer will be based on the position held, the related responsibilities and functions performed by the executive and salary ranges for similar positions in comparable companies. Individual and corporate performance will also be taken into account in determining base salary levels.

Option Based Awards

Another component of Named Executive Officer compensation is the grant of stock options pursuant to the Company's Stock Option Plan. The objective of this compensation component is to attract, retain and motivate certain persons of training, experience and leadership as key service providers to the Company, including its directors, Named Executive Officers and employees and to advance the interest of the Company by providing such persons with additional compensation and the opportunity to participate in the success of the Company.

In addition to, or in lieu of, the compensation components described above, payments may be made from time to time to individuals, including Named Executive Officers or directors of the Company, or companies they control for the provision of management or consulting services. Such services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all annual and long-term compensation for services paid to or earned by the Company's Named Executive Officers and directors, excluding compensation securities, since the date of incorporation on January 14, 2019:

Table of Compensation Excluding Compensation Securities

Name and Principal Position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Long-term incentive plans ($)	Value of all other compen-sation ($)	Total Compen-sation ($)
Alistair Waddell[1] CEO, Chairman and Director	2020 2019	15,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	1,297 Nil	16,297 Nil
Jerry Huang[2] CFO	2020 2019	6,070 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	6,070 Nil
Caleb Stroup[3] President and Director	2020 2019	159,063 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	159,063 Nil
Tero Kosonen[4] Director	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Wendell Zerb[5] Director	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Graeme Currie[6] Director	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

(1) Alistair Waddell was appointed a director on January 14, 2019 and Chief Executive Officer on September 1, 2019 and served as CEO until March 1, 2021. He was appointed a director of CP Holdings Corporation on June 3, 2019. Mr. Waddell was paid $1,297 in group health

benefits and Waddell Consulting Inc., a company beneficially owned by Mr. Waddell, was paid $15,000 in fees during the financial year ended February 29, 2020.

(2) Jerry Huang was appointed Chief Financial Officer on February 7, 2020 and served as CFO until January 4, 2021. Seymour One Capital Corp., a company beneficially owned by Mr. Huang, was paid $4,000 for accounting services and $2,070 for capital advisory services during the financial year ended February 29, 2020.

(3) Caleb Stroup was appointed President and a director on May 16, 2019. He was appointed President and a director of CP Holdings Corporation on June 3, 2019. Hunter Gold LLC, a company beneficially owned by Mr. Stroup, was paid $159,063 (US $120,000) in fees during the financial year ended February 29, 2020.

(4) Tero Kosonen was appointed a director on May 16, 2019.

(5) Wendell Zerb was appointed a director on July 27, 2020.

(6) Graeme Currie was appointed a director on November 1, 2020.

The compensation set out above is based on current conditions in the mineral exploration industry and on the associated approximate allocation of time for the CEO and CFO and is subject in future to adjustments based on changing market conditions and corresponding changes to required time commitments. Following the listing of the Common Shares on the Exchange, the Company will review its compensation policies and may adjust them if warranted by factors such as market conditions.

Outstanding Share-Based Awards and Option-Based Awards

The Company has a stock option plan in place. During the financial period from Incorporation on January 14, 2019 to February 28, 2019, there were no options granted to Named Executive Officers or directors of the Company. During the financial year ended February 29, 2020, a total of 1,050,000 options were granted to Named Executive Officers and directors of the Company.

For a description of the Company's Stock Option Plan, see "Options and Other Rights to Purchase Securities of the Company – Summary of Stock Option Plan" above. The following table discloses all compensation securities granted or issued to each Named Executive Officer and director by the Company in the financial year ended February 29, 2020.

Compensation Securities

Name and position	Type of compen-sation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant m/d/y	Issue, conversion or exercise price ($)	Closing price of security or underlying security on date of grant ($)	Closing price of security or underlying security at year end ($)	Expiry date m/d/y
Alistair Waddell CEO, Chairman & Director	stock options	350,000	07/24/19	$0.10	n/a	n/a	07/24/24
Jerry Huang CFO	stock options	Nil	n/a	n/a	n/a	n/a	n/a
Caleb Stroup President & Director	stock options	350,000	07/24/19	$0.10	n/a	n/a	07/24/24
Tero Kosonen Director	stock options	350,000	07/24/19	$0.10	n/a	n/a	07/24/24
Wendell Zerb Director	stock options	Nil	n/a	n/a	n/a	n/a	n/a
Graeme Currie Director	stock options	Nil	n/a	n/a	n/a	n/a	n/a

The Company does not provide any retirement benefits for its directors or officers; nor does it have any long-term incentive plans.

Stock Option Plans and Other Incentive Plans

See "*Options to Purchase Securities*".

Employment, Consulting and Management Agreements

Each of the Company's Named Executive Officers are independent contractors of the Company. Except as disclosed below, the Company does not have any written employment, consulting or management agreements in place with any of its officers or directors.

The Company has executed a management agreement (the "Agreement") with Hunter Gold LLC, a company beneficially owned by Caleb Stroup (the "Executive"), for his services as President and Chief Executive Officer effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the Executive will receive a monthly salary of US $13,000 (the "Monthly Compensation"). The Agreement may be terminated (i) by resignation by the Executive with two months advance written notice; (ii) by termination without cause by the Company at any time, with payment of severance equal to six months Monthly Compensation; (iii) by resignation by the Executive with two weeks written notice for "Good Cause," defined as various events or circumstances which would constitute a constructive dismissal at common law, with payment of severance equal to three months Monthly Compensation; and (iv) by termination for just cause by the Company at any time, in any such event no severance is payable. If within 12 months following a change of control of the Company, (i) the Executive's employment is terminated by the Company without cause; or (ii) the Executive resigns with or without Good Cause, then in either case, he will receive as severance an amount equal to 24 months Monthly Compensation.

The Company has executed an executive agreement (the "Agreement") with Waddell Consulting Inc., a company beneficially owned by Alistair Waddell (the "Chairman"), for his services as Executive Chairman effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the Chairman will receive a monthly salary of $5,000 (the "Monthly Compensation"). The Agreement may be terminated (i) by resignation by the Chairman with two months advance written notice; (ii) by termination without cause by the Company at any time, with payment of severance equal to six months Monthly Compensation; (iii) by resignation by the Chairman with two weeks written notice for "Good Cause," defined as various events or circumstances which would constitute a constructive dismissal at common law, with payment of severance equal to three months Monthly Compensation; and (iv) by termination for just cause by the Company at any time, in any such event no severance is payable. If within 12 months following a change of control of the Company, (i) the Chairman's employment is terminated by the Company without cause; or (ii) the Chairman resigns with or without Good Cause, then in either case, he will receive as severance an amount equal to 24 months Monthly Compensation.

The Company has executed an employment agreement (the "Agreement") with Sandra Wong (the "Employee") for her services as Chief Financial Officer and Corporate Secretary effective January 4, 2021 for no fixed term. As compensation for the services to be provided, the Employee will receive a monthly salary of $5,000 (the "Monthly Compensation"). The Agreement may be terminated (i) by resignation by the Employee with two months advance written notice; (ii) by termination without cause by the Company at any time, with payment of severance equal to six months Monthly Compensation; (iii) by resignation by the Employee with two weeks written notice for "Good Cause," defined as various events or circumstances which would constitute a constructive dismissal at common law, with payment of severance equal to three months Monthly Compensation; and (iv) by termination for just cause by the Company at any time, in any such event no severance is payable. If within 12 months following a change of control of the Company, (i) the Employee's employment is terminated by the Company without cause; or (ii) the Employee resigns with or without Good Cause, then in either case, she will receive as severance an amount equal to 24 months Monthly Compensation.

The Company has approved the payment of a director's fee of $1,000 per month to Messrs. Currie and Zerb and $2,000 per month to Mr. Kosonen who serves as chair of the Audit Committee, effective March 1, 2021.

Termination of Employment, Change of Control Benefits and Employment Contracts

Except as disclosed under "Employment, Consulting and Management Agreements", no benefits will accrue to any of the Company's Named Executive Officers, officers, employees or directors upon their termination, or upon any change of control of the Company.

Proposed Compensation

During the next 12 months, the Company proposes to pay the following compensation to its Named Executive Officers and directors, in addition to their entitlement to receive (i) incentive stock options pursuant to the Company's Stock Option Plan in such individual amounts as the board of directors may determine from time to time, and (ii) reimbursement for out-of-pocket expenses incurred on behalf of or in providing services as a director for the Company.

Name and Principal Position	Salary	All Other Compensation	Total Compensation
Alistair Waddell *Executive Chair and Director*	$60,000	Nil	$60,000
Caleb Stroup *President, CEO and Director*	US $156,000	Nil	US $156,000
Sandra Wong *CFO*	$60,000	Nil	$60,000
Tero Kosonen *Director*	Nil	$24,000	$24,000
Wendell Zerb *Director*	Nil	$12,000	$12,000
Graeme Currie *Director*	Nil	$12,000	$12,000

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee, former director, former executive officer or former employee of the Company is or has within 30 days before the date of this Prospectus been indebted to the Company or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement provided by the Company, except for routine indebtedness.

AUDIT COMMITTEE

The Audit Committee's Mandate

The full text of the Audit Committee's charter is attached as Schedule D to this Prospectus.

Mandate and Responsibilities of the Audit Committee

The Audit Committee's mandate and responsibilities include: (i) reviewing and recommending for approval to the Board the financial statements, accounting policies that affect the statements, annual MD&A and associated press releases; (ii) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assessing those procedures; (iii) establishing and maintaining complaint procedures regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; (iv) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the

Company, including the resolution of disagreements between management and the external auditor regarding financial reporting; (v) pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the external auditor; (vi) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company; and (vii) reviewing and approving the Company's hiring policies regarding partners, employees, and former partners and employees of the external auditor of the Company.
The Audit Committee is to meet at least quarterly to review financial statements and MD&A and to meet with the Company's external auditors at least once a year.

Composition of the Audit Committee

The Audit Committee is presently comprised of Tero Kosonen (Chair), Graeme Currie and Wendell Zerb, each of whom are independent directors as defined in National Instrument 52-110. All of the Audit Committee members are "financially literate", as defined in National Instrument 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting. The members of the Audit Committee are elected by the Board of Directors at its first meeting following each annual shareholders' meeting to serve one-year terms and are permitted to serve an unlimited number of consecutive terms.

Relevant Education and Experience

Each member of the Company's Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

Tero Kosonen: Mr. Kosonen holds a Master's degree in Economics from the University of Tampere in Finland (1993). He has over 25 years of experience in regional management roles, entrepreneurial ventures and investments in natural resources and is a co-founder, President and director of OCP Holdings Ltd., a private equity/venture capital group investing in mineral exploration opportunities globally. He has also served as a director of a public company and is familiar with the financial reporting requirements applicable to public companies in Canada.

Graeme Currie: Mr. Currie has over three decades of industry experience directed specifically on junior exploration and development companies worldwide, and has extensive knowledge of the capital markets as it relates to the mineral exploration and mining industry. He has also served in executive management roles, as a director and officer of public companies. He is familiar with the financial reporting requirements applicable to public companies in Canada.

Wendell Zerb: Mr. Zerb is a professional geologist with over 30 years experience, including 17 years in financial analysis of public companies. He has also served in executive management roles, as a director and officer of public companies. He is familiar with the financial reporting requirements applicable to public companies in Canada.

For the education and experience of each member of the Audit Committee relevant to the performance of their duties as a member of the Audit Committee, see "*Directors and Executive Officers*" and *"Management of the Company"*.

Audit Committee Oversight

The Audit Committee was established on February 12, 2021 and will, among other things, make recommendations to the Board of Directors to nominate or compensate an external auditor. The Audit Committee has recommended that Manning Elliott LLP, Chartered Professional Accountants, be appointed as the auditors of the Company for the ensuing year, and such appointment and the authorization of the directors to determine the remuneration to be paid to the auditors was approved by the shareholders of the Company at the Company's Annual General Meeting held on April 16, 2021.

Reliance on Certain Exemptions

The Company is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

External Auditor Service Fees (By Category)

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditor in the financial year ended February 29, 2020 and the period from Incorporation on January 14, 2019 to February 28, 2019 with respect to the Company, by category, are as follows:

Financial Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
February 29, 2020	$17,000	$7,500	$2,500	nil
February 28, 2019	$12,000	$4,000	$1,500	nil

CORPORATE GOVERNANCE

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The board of directors is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the opinion of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board of Directors facilitates its exercise of independent judgment in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board of Directors requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the mineral exploration industry in order to identify and manage risks. The Board of Directors is responsible for monitoring the Company's senior officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The independent members of the Board of Directors are Graeme Currie and Wendell Zerb. Caleb Stroup, by reason of being President and CEO of the Company, Alistair Waddell, by reason of being Executive Chairman of the Company and a shareholder of OCP, the Company's controlling shareholder, and Tero Kosonen, by reason of being a director and shareholder of OCP, are non-independent members of the Board of Directors.

Directorships

The following directors or proposed directors of the Company are currently directors of other reporting issuers (or equivalent in a foreign jurisdiction):

Name	Name of Reporting Issuer
Graeme Currie	Pure Gold Mining Inc. (TSXV: PGM)
Tero Kosonen	Inflection Resources Ltd. (CSE: AUCU)
Caleb Stroup	N/A
Alistair Waddell	Inflection Resources Ltd. (CSE: AUCU) Palamina Corp. (TSXV: PA) Precipitate Gold Corp. (TSXV: PRG) Winshear Gold Corp. (TSXV: WINS) North Stawell Minerals Ltd. (ASX: NSM)
Wendell Zerb	Inflection Resources Ltd. (CSE: AUCU)

Orientation and Continuing Education

Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records and management provide regular updates to the Board members on financial, technical and other information as relevant

Ethical Business Conduct

While Headwater has not adopted a written code of business conduct and ethics, the Board will from time to time discuss and emphasize the importance of matters relating to conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of any illegal or unethical behaviour.

Nomination of Directors

The Company's management is continually in contact with individuals involved with public sector issuers. From these sources, management has made numerous contacts and, in the event, that the Company requires any new directors, such individuals will be brought to the attention of the Board of Directors. The Company conducts due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, integrity of character and a willingness to serve.

Compensation

The entire Board of Directors acts as a de facto Compensation Committee to monitor and review the salary and benefits of its executive officers. The Board will periodically review the Company's general compensation structure, policies and programs in consideration of industry standards and the Company's financial situation until a Compensation Committee is formed.

Other Board Committees

At present, the only committee the Company has is an Audit Committee. The Company may create other committees in the future.

Assessments

Neither the Company nor the Board of Directors has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director are informally monitored by the other Board members, having in mind the business and other strengths of the individual and the purpose of originally nominating the individual to the Board.

PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of the Common Shares issuable upon the deemed exercise of the previously issued Subscription Receipts. The Subscription Receipts were sold to subscribers at a price of $0.35 per Subscription Receipt for aggregate gross proceeds of $4,070,224, which amount was deposited into escrow pursuant to the terms of the Subscription Agreements entered into between the Company and the Subscribers. The Escrowed Funds will be released from escrow upon conversion of the Subscription Receipts, which shall occur when the following conditions have been met: (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the CSE that the Issuer has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts;

The Company intends to apply to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE.

The Subscription Receipts were issued pursuant to the terms of the Subscription Receipt Certificates representing the Subscription Receipts. The Subscription Receipt Certificates provide, among other things, that holders of Subscription Receipts are entitled to receive in respect of each Subscription Receipt held, without additional consideration and without any further action on the part of the holder thereof, one Common Share. The Subscription Receipts will be deemed exercised for Common Shares on the satisfaction of the Escrow Release Conditions. In the event that the Escrow Release Conditions are not satisfied prior to the Escrow Deadline, the Subscription Receipts will either (a) immediately become null, void and of no further force or effect and, as soon as reasonably possible, and in any event within ten (10) business days following the Escrow Deadline, the Escrowed Proceeds will be returned to the holders of Subscription Receipts in an amount per Subscription Receipt equal to the Escrowed Proceeds (and for greater certainty without any interest earned thereon) or (b) if the Subscription Receiptholder has provided notice to the Company at least two (2) business days prior to the Escrow Deadline of its election, be converted, without payment of any further consideration, into Common Shares.

In connection with the Private Placement, the Company expects to pay an aggregate finders' fees of $182,203 cash. This payment will be made upon the Listing.

Certificates representing the Common Shares to be issued upon deemed exercise of the Subscription Receipts will be available for delivery upon the deemed exercise of the Subscription Receipts.

The Subscription Receipts and the underlying Common Shares have not been and will not be registered under the U.S. Securities Act or under any state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities qualified for distribution hereunder within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act).

Certain of the Subscription Receipts were offered and sold in the United States to a limited number of "accredited investors," as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, pursuant to Rule 506 of Regulation D, and were issued as "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act. Any Common Shares issued on deemed exercise of the Subscription Receipts will also be "restricted securities," and the certificates representing such Common Shares will contain legends to the effect that the Common Shares have not been registered under the U.S. Securities Act and may only be offered for sale pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

The Company is not a reporting issuer in any province or territory of Canada.

As at the date of the 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 of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

The Company is in the business of exploring mineral properties, which is a highly speculative endeavor. Investors should carefully consider these risk factors, together with all of the other information included in this Prospectus, before investing in the Company. The occurrence of any of the following risks could materially adversely affect the Company's business, financial condition or operating results. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. An investment in the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment.

Insufficient Capital

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing. Failure to do so could result in the loss of the Company's interests from inability to pay the maintenance fees.

Financing Risks

The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable in the future. The only present source of funds available to the Company is through the sale of its securities. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the Katey and Mahogany Properties, or any additional properties in which the Company has or may acquire an interest. While the Company may generate additional working capital through further equity offerings or, if applicable, through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on terms acceptable to the Company, or at all. If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Limited Operating History, Negative Operating Cash Flow and Resale of Shares

The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its Common Shares since incorporation and does not anticipate doing so. There are no known commercial quantities of mineral reserves on the Katey and Mahogany Properties.

The purpose of the Private Placement was to raise funds to carry out exploration and development on the Katey and Mahogany Properties. To the extent that the Company has a negative operating cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative operating cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. The only present source of funds available to the Company is through the sale of its securities. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary.

While the Company may generate additional working capital through further equity offerings, there is no assurance that any such funds will be available on terms acceptable to the Company, or at all. If available, future equity financing may result in substantial dilution to holders of Common Shares. At present it is impossible to determine what amounts of additional funds, if any, may be required.

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

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of Common Shares issued upon the deemed exercise of the Subscription Receipts will be affected by such volatility.

There is currently no public trading market for the Common Shares, and the Company cannot assure that after Listing a public trading market will continue to develop or be sustained. If a market does not continue to develop or is not sustained, it may be difficult to sell Common Shares at an attractive price or at all. The Company cannot predict the prices as which its Common Shares will trade.

The Company also holds short-term investments in marketable securities received from the sale of mineral properties and these investments are also subject to price and volume volatility, which may negatively impact the ability of the Company to liquidate these investments to fund its operations.

Title to Assets

Searches of mining records are carried out in accordance with mining industry practices to confirm satisfactory title to properties in which the Company holds or intends to acquire an interest, but the Company does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of the properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. The Company has taken and will continue to take all reasonable steps, in accordance with the laws and regulations of the jurisdictions in which their properties are located, to ensure proper title to its properties and to properties it may acquire in the future, either at the time of acquisition or prior to any major expenditures thereon. This, however, should not be construed as a guarantee of title. There are no assurances that the Company will obtain title. Both presently owned and after-acquired properties may be subject to prior unregistered agreements, transfers, land claims or other claims or interests. In addition, third parties may dispute the rights of the Company to its respective mining and other interests. The Company will attempt to clear title and obtain legal opinions commensurate to the intended level of expenditures required on areas that show promise. There can be no assurance, however, that it will be successful in doing so.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The Katey and Mahogany Properties is considered to be in the early exploration and development stage. As of the date of the Prospectus, no compliant mineral resources have been identified at the Katey and Mahogany Properties. There is no certainty that further exploration and development will result in the identification of indicated, or measured resources, or probable or proven reserves, at the Katey and Mahogany Properties, or that if any mineral resources or reserves are defined at the Katey and Mahogany Properties that that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore on the Katey and Mahogany Properties or elsewhere. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks may occur, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, explosions and third-party accidents, the encountering of unusual or unexpected geological formations, ground falls and cave-ins, mechanical failure, unforeseen metallurgical difficulties, power interruptions, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in environmental damage and liabilities, work stoppages, delayed production and resultant losses, increased exploration costs, damage to, or destruction of, mineral properties or facilities used for exploration and resultant losses, personal injury or death and resultant losses, asset write downs, monetary losses, claims for compensation of loss of life and/or damages by third parties in connection with accidents (for loss of life and/or damages and related pain and suffering) that occur on company property, and punitive awards in connection with those claims and other liabilities. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Liabilities that we incur may exceed the policy limits of insurance coverage or may not be covered by insurance, in which event we could incur significant costs that could adversely impact our business, operations, potential profitability or value. Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage our interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to us. These could include loss or forfeiture of mineral interests or other assets for nonpayment of fees or taxes, significant tax liabilities in connection with any tax planning effort we might undertake and legal claims for errors or mistakes by our personnel. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Common Shares.

Governmental and Environmental Regulations, Permits and Licenses

The future operations of the Company may require permits from various governmental and non-governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Katey and Mahogany Properties. The Company currently does not have any such permits in place.

The Company's operations are also subject to various laws, regulations, and permitting requirements governing the protection of the environment. Such environmental and other regulatory requirements affect the current and future operations of the Company, including exploration and development activities. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. 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 the imposition of fines and penalties. In addition, certain types of operations may require the submission and approval of environmental impact assessments to be conducted before permits can be obtained and there can be no assurances that the Company will be able to obtain or maintain all necessary permits that may be required for operations to be conducted at economically justifiable costs. The cost of compliance has the potential to reduce the profitability of operations by increasing costs and delaying production.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

There is no assurance that future changes to existing laws and regulations will not impact the Company. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

Environmental Hazards

All phases of the Company’s activities with respect to the Katey and Mahogany Properties will be subject to environmental regulation. Environmental legislation involves strict standards and may entail increased scrutiny, fines and penalties for noncompliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact the Company’s activities and future potential profitability. In addition, environmental hazards may exist on the Katey and Mahogany Properties which are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the property, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company’s activities and future potential profitability.

Competition

The mining industry is intensely competitive in all its phases and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company’s ability to acquire suitable properties or prospects in the future and to engage qualified personnel to explore and develop the Katey and Mahogany Properties.

Political Regulatory Risks with Foreign Operations

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. This may affect the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Foreign Exchange Rate Fluctuations

Fluctuations in currency exchange rates could have a significant effect on the Company’s results of operations. The Company does not currently engage in any hedging activities in connection with foreign currency requirements.

Fluctuating Mineral Prices

The Company’s revenues, if any, are expected to be in large part derived from the extraction and sale of precious metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company’s exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in the world market in United States dollars.

Shortages of Critical Parts, Equipment and Skilled Labour

The Company's ability to acquire critical resources such as input commodities, drilling equipment, tires and skilled labour due to increased worldwide demand, may cause unanticipated cost increases and delays in delivery times, thereby impacting capital expenditures and exploration schedules.

Conflicts of Interest

Directors of the Company are and may become directors of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Claims and Legal Proceedings

The Company may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including claims relating to ex-employees. These matters may give rise to legal uncertainties or have unfavourable results. The Company will carry liability insurance coverage and mitigate risks that can be reasonably estimated. In addition, the Company may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact our financial position, cash flow and results of operations.

Risks Relating to our Shares Market Price of Shares and Volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of microcap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in gold or other mineral prices or in our financial condition or results of operations. Other factors unrelated to our performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of our public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares. The market price of the Common Shares is affected by many other variables which are not directly related to the success of the Company and are, therefore, not within the Company's control. These include other developments that affect the market for all resource sector securities, the breadth of the public market for our Common Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Share price volatile in the future, which may result in losses to investors.

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 Katey and Mahogany Properties. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Risk of Infectious Disease Outbreaks

Emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases, including the COVID-19 outbreak, could have a material adverse effect on the Company by causing operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, social unrest, breach of material contracts, government or regulatory actions or inactions, changes in tax laws, payment deferrals, increased insurance premiums, declines in the price of precious metals, delays in permitting or approvals, governmental disruptions, capital markets volatility, or other unknown but potentially significant impacts. In addition, governments may impose strict emergency measures in response to the threat or existence of an infectious disease. The full extent and impact of the COVID-19 pandemic is unknown and, to-date, has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including precious metals) and has raised the prospect of a global recession. The international response to COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in global consumer activity. At this time, the Company cannot accurately predict what effects these conditions will have on mining operations or financial results, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of the travel restrictions and business closures that have been or may be imposed by the governments of impacted countries. In addition, a significant outbreak of contagious diseases in the human population, such as COVID-19, could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could result in a material adverse effect on commodity prices, demand for metals, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's common shares. Accordingly, any outbreak or threat of an outbreak of an epidemic disease or similar public health emergency, including COVID-19, could have a material adverse effect on the Company's business, financial condition and results of operations. As at the date hereof, the duration of any business disruptions and related financial impact of the COVID-19 outbreak cannot be reasonably estimated. It is unknown whether and how the Company may be affected if a pandemic, such as the COVID-19 outbreak, persists for an extended period of time.

PROMOTERS

The Company has determined that Alistair Waddell and Caleb Stroup are promoters of the Company. Please see additional information regarding Messrs. Waddell and Stroup's shareholdings and roles in the Company under "Executive Compensation" and "Directors and Officers" respectively.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings outstanding, threatened or pending, as of the date hereof, by or against the Company or to which the Company is a party or to which its properties are subject, nor to the Company's knowledge are any such legal proceedings contemplated which could become material to a purchaser of Common Shares.

The Company is not currently aware of any:

(a) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since its incorporation;

(b) other penalties or sanctions imposed by a court or regulatory body against the Company, the disclosure of which are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; or

(c) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority since its incorporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described in this Prospectus, no insider, director or executive officer of the Company and no associate or affiliate of any director, executive officer or insider has any material interest, direct or indirect, in any transaction since incorporation that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS

The current auditor of the Company is Manning Elliott, LLP, with offices at 1700 – 1030 Georgia Street, Vancouver, BC, V6E 2Y3. Manning Elliott is independent of the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

REGISTRAR AND TRANSFER AGENT

The Company's registrar and transfer agent is Endeavor Trust Corporation of 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S2.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company, other than as set forth below:

(a) the Escrow Agreement, referred to under "*Escrowed Securities*".

EXPERTS AND INTERESTS OF EXPERTS

Information of a scientific or technical nature regarding the Katey and Mahogany Properties included in this Prospectus is excerpted or derived from the Technical Report. As at the date hereof, the author of the Technical Report, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

The independent auditor of the Company, Manning Elliott, LLP has informed the Company that it is independent with respect to the Company in accordance with applicable Canadian auditing standards.

AGENT FOR SERVICE OF PROCESS

Messrs. Tero Kosonen and Caleb Stroup have appointed the Company's counsel, DuMoulin Black LLP, located at 595 Howe Street, 10th Floor, Vancouver, British Columbia, V6C 2T5, as their agent for service of process in British Columbia. 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.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada 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. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, 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 or territory. 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.

CONTRACTUAL RIGHT OF RESCISSION

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

(a) the holder is entitled to rescission of both the holder's exercise or deemed exercise of its Subscription Receipt and the private placement transaction under which the Subscription Receipt was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Subscription Receipt, and

(c) if the holder is a permitted assignee of the interest of the original Subscription Receipt subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

OTHER MATERIAL FACTS

There are no material facts about the Company or the Private Placement that are not otherwise disclosed in this Prospectus.

SCHEDULE "A"

HEADWATER GOLD INC.
FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION ON JANUARY 14, 2019 TO FEBRUARY 28, 2019, THE YEAR ENDED FEBRUARY 29, 2020 AND THE NINE MONTH PERIOD ENDED NOVEMBER 30, 2020

HEADWATER GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019

(Expressed in Canadian Dollars)

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Headwater Gold Inc.

Opinion

We have audited the consolidated financial statements of Headwater Gold Inc. (the "Company") which comprise the consolidated statements of financial position as at February 29, 2020 and February 28, 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended February 29, 2020 and period ended February 28, 2019, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at February 29, 2020 and February 28, 2019, and its financial performance and its cash flows for the year ended February 29, 2020 and period ended February 28, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits 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 audits of the Financial Statements in Canada, and 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 to 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.

Auditors' Responsibilities for the Audits 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 auditors' 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 the 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 judgment 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 risk 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 on the audits resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
March 18, 2021

HEADWATER GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	February 29, 2020 $	February 28, 2019 $
Assets			
Current assets			
Cash		363,309	43,688
Restricted cash	2(e)	5,000	-
Amounts and other receivable		1,294	-
Prepaid expenses		2,847	-
		372,450	43,688
Non-current assets			
Equipment	5	-	623
Exploration and evaluation assets	6	708,853	290,945
Total assets		1,081,303	335,256
Liabilities			
Current liabilities			
Trade and other payables	10	76,244	83,904
Shareholders' Equity			
Share capital	7	1,278,776	256,250
Share subscriptions	7	55,000	-
Reserves	7	96,619	-
Accumulated other comprehensive income		(5,318)	-
Deficit		(420,018)	(4,898)
		1,005,059	251,352
Total liabilities and shareholders' equity		1,081,303	335,256

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 18, 2021 and are signed on its behalf by:

/s/"Alistair Waddell" Director *//s/"Caleb Stroup"* Director

The accompanying notes form an integral part of these consolidated financial statements.

HEADWATER GOLD INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year ended February 29, 2020 $	Period from January 14, 2019 to February 28, 2019 $
Expenses			
Accounting and audit		34,102	1,500
Consulting		48,070	-
Filing fees		1,519	352
General exploration		93,105	-
Investor communication		15,242	1,601
Legal		5,247	1,283
Management		7,402	-
Office		45,866	162
Salaries and benefits		6,005	-
Share-based payments		72,449	-
Travel		15,506	-
Total expenses		(344,513)	(4,898)
Other income (expenses)			
Finance income		997	-
Foreign exchange gain		9,280	-
Impairment of exploration and evaluation assets	6	(80,251)	-
Loss on disposal of equipment	5	(633)	-
		(70,607)	-
Net loss		(415,120)	(4,898)
Other comprehensive loss			
Items that may be reclassified to comprehensive loss:			
Cumulative translation adjustment		(5,318)	-
Comprehensive loss		(420,438)	(4,898)
Loss per common share, basic and diluted		(0.02)	(0.01)
Weighted average number of common shares outstanding		21,739,031	407,535

The accompanying notes form an integral part of these consolidated financial statements.

HEADWATER GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Share Subscriptions $	Reserves $	Accumulated other comprehensive income $	Deficit $	Total $
Incorporation, January 14, 2019	2	-	-	-	-	-	-
Shares issued for founders	8,750,000	43,750	-	-	-	-	43,750
Shares issued for CP Holdings Corporation	8,500,000	212,500	-	-	-	-	212,500
Net and comprehensive loss	-	-	-	-	-	(4,898)	(4,898)
Balance, February 28, 2019	17,250,002	256,250	-	-	-	(4,898)	251,352
Shares issued for private placement	10,216,840	1,000,026	-	-	-	-	1,000,026
Shares issued for debt settlement	300,000	22,500	-	-	-	-	22,500
Share subscriptions	-	-	55,000	-	-	-	55,000
Share-based payments	-	-	-	96,619	-	-	96,619
Net loss	-	-	-	-	-	(415,120)	(415,120)
Other comprehensive loss	-	-	-	-	(5,318)	-	(5,318)
Balance, February 29, 2020	27,766,842	1,278,776	55,000	96,619	(5,318)	(420,018)	1,005,059

The accompanying notes form an integral part of these consolidated financial statements.

HEADWATER GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended February 29, 2020 $	Period from January 14, 2019 to February 28, 2019 $
Operating activities		
Net loss	(415,120)	(4,898)
Items not involving cash:		
Impairment of exploration and evaluation assets	80,251	-
Loss on disposal of equipment	623	-
Share-based payments	72,449	-
Changes in non-cash working capital accounts:		
Amounts and other receivable	(1,294)	-
Prepaid expenses	(2,847)	-
Trade and other payables	(1,524)	6,173
Cash provided by (used in) operating activities	(267,462)	1,275
Investing activities		
Expenditures on exploration and evaluation assets	(462,943)	-
Acquisition of CP Holdings Corporation	-	(1,337)
Restricted cash	(5,000)	-
Cash used in investing activities	(467,943)	(1,337)
Financing activities		
Proceeds from share issuances	1,000,026	43,750
Share subscriptions received	55,000	-
Cash provided by financing activities	1,055,026	43,750
Increase in cash	319,621	43,688
Cash, beginning of period	43,688	-
Cash, end of period	363,309	43,688
Supplemental information		
Interest paid	-	-
Income taxes paid	-	-

Refer to Note 13 for non-cash transactions incurred during the periods ended February 29, 2020 and 2019.

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Headwater Gold Inc. (the "Company") was incorporated on January 14, 2019 under the laws of British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets in the United States. The address of the Company's corporate office and its principal place of business is Suite 1100 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has one wholly owned subsidiary: CP Holdings Corporation. The accounts of the subsidiary are consolidated with the Company.

As at February 29, 2020, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a loss of $415,120 for the year ended February 29, 2020 and, as of that date, the Company had an accumulated deficit of $420,018, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on March 18, 2021.

b) Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

c) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, CP Holdings Corporation. Inter-company balances and transactions are eliminated on consolidation.

d) Use of Estimates

The preparation of these consolidated financial statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Significant areas requiring the use of management estimates and judgements are described in Note 3.

e) Cash

Cash includes cash on hand and demand deposits with financial institutions.

Restricted cash consists of a term deposit held by a financial institution as security against a company credit card.

f) Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties for impairment and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Exploration and Evaluation Assets (continued)

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain.

g) Equipment

Equipment is recorded at cost, less accumulated depreciation. Depreciation is calculated using the following rates and methods:

Computer equipment	20% straight line basis
Field equipment	30% declining balance basis

h) Impairment of Non-Financial Assets

Equipment is regularly tested for recoverability or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based upon observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of trade and other payables approximate their fair values because of the short-term nature of the instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments (continued)

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and

- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value change to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

- the remaining amount of the change in the fair value is presented in profit or loss.

The Company has classified its trade and other payables at amortized cost. The Company does not designate any financial liabilities at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

k) Deferred Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent it is probable that future taxable profit will allow the deferred tax asset to be recovered.

l) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and stock options are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants based on the residual value method. The fair value of common shares is based on the market closing price on the date the units are issued. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted income (loss) per common share is computed by dividing the net income (loss) applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. This follows the treasury stock method in which the dilutive effect on loss per share is recognized based on the proceeds that could be obtained from the exercise of options, warrants, and similar instruments. It assumes the proceeds would be used to purchase common shares at the average market price during the year.

n) Share-based Payments

The Company operates an incentive stock option plan. 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 goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations and comprehensive loss/income over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Share-based Payments (continued)

The Black-Scholes model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

o) Foreign Currency Translation

The presentation and functional currency of the Company is the Canadian dollar as this is the principal currency of the economic environment in which it operates. The functional currency of the subsidiary is the United States Dollar.

The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in the statement of comprehensive loss.

A subsidiary that has a functional currency different from the presentation currency, is translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the period, and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

p) Adoption of New and Revised Standards and Interpretations

A number of new or amended accounting standards were scheduled for mandatory adoption on or after March 1, 2020. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

q) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Business combinations (continued)

time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred. Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. The Company completed certain transactions described in Note 4 and concluded that the transactions did not qualify as a business combination under IFRS 3, "Business Combinations".

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

i) Exploration and Evaluation Expenditures

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

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

iv) Going Concern

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 8.

vi) Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

(Expressed in Canadian Dollars)

4. ASSET ACQUISITION

On February 28, 2019, the Company entered into a Share Purchase Agreement (the "Purchase Agreement") with Ore Capital Partners Ltd. ("OCP") to purchase all of the issued and outstanding shares of CP Holdings Corporation ("CP") held by OCP. Pursuant to the Purchase Agreement, the purchase price of CP is $1,337 cash and 8,500,000 shares of the Company. The Company closed and completed the acquisition of CP on February 28, 2019. The Company determined that CP did not meet the definition of a business found in IFRS 3 Business Combinations. As the purchase of CP did not qualify as a business acquisition, the Company accounted for the transaction as an asset acquisition. As the fair value of the purchase price consideration paid was more reliably measurable than the assets acquired, the cost of the non-cash assets received was based on the fair value of the consideration given. The cost of the asset acquisition was allocated on a fair value basis to the net assets acquired. The Company allocated the cost of the assets as follows:

Purchase price	$
Cash	1,337
Common shares issued	212,500
Liabilities assumed	77,731
Total purchase price	291,568

Fair value of assets acquired	
Equipment	623
Mineral properties	290,945
Total assets acquired	291,568

5. EQUIPMENT

	Computer Equipment $	Field Equipment $	Total $
Cost			
Balance at January 14, 2019	-	-	-
Acquired	340	283	623
Balance at February 28, 2019	340	283	623
Foreign exchange effect	5	5	10
Disposals	(345)	(288)	(633)
Balance at February 29, 2020	-	-	-
Depreciation			
Balance at January 14, 2019 and February 28, 2019 and February 29, 2020	-	-	-
Carrying amounts			
At February 28, 2019	340	283	623
At February 29, 2020	-	-	-

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Idaho $	Nevada $	Oregon $	Utah $	Total $
Acquisition costs					
Balance, January 14, 2019	-	-	-	-	-
Additions	224,557	4,773	-	-	229,330
Balance, February 28, 2019	224,557	4,773	-	-	229,330
Additions	35,146	143,153	69,262	32,763	280,324
Impairment	(29,631)	(20,196)	-	-	(49,827)
Foreign exchange	2,378	1,978	1,286	591	6,233
Balance, February 29, 2020	232,450	129,708	70,548	33,354	466,060
Exploration costs					
Balance, January 14, 2019	-	-	-	-	-
Additions	60,333	1,282	-	-	61,615
Balance, February 28, 2019	60,333	1,282	-	-	61,615
Additions					
Administration	28,739	24,417	2,474	-	55,630
Geology	28,582	53,942	21,394	990	104,908
Mapping and sampling	605	9,625	11,725	-	21,955
Technical review	9,278	12,969	2,513	517	25,277
	67,204	100,953	38,106	1,507	207,770
Impairment	-	(30,282)	-	-	(30,282)
Foreign exchange	2,092	903	669	26	3,690
Balance, February 29, 2020	129,629	72,856	38,775	1,533	242,793
Total acquisition costs and exploration expenditures					
February 28, 2019	284,890	6,055	-	-	290,945
February 29, 2020	362,079	202,564	109,323	34,887	708,853

a) Idaho Properties

The Company holds a 100% interest in three mineral properties in Idaho that it has acquired by way of staking federal land.

(i) Flint Property - Flint is comprised of 64 mineral claims totalling approximately 535 hectares located in Owyhee County, Idaho. The Company had elected not to maintain certain of the claims and accordingly $8,000 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 29, 2020.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Idaho Properties (continued)

(ii) Matador Property - Matador is comprised of 30 mineral claims totalling approximately 251 hectares located in Owyhee County, Idaho. The Company had elected not to maintain certain of the claims and accordingly $7,408 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 29, 2020.

(iii) Opaline Gulch Property - Opaline Gulch is comprised of 31 mineral claims totalling approximately 259 hectares located in Owyhee County, Idaho. The Company had elected not to maintain certain of the claims and accordingly $14,223 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 29, 2020.

b) Nevada Properties

The Company holds a 100% interest in seven mineral properties in Nevada that it has acquired by way of staking federal land.

(i) Agate Point Property - Agate Point is comprised of 20 mineral claims totalling approximately 167 hectares located in Humboldt County, Nevada.

(ii) Bob Creek Property - Bob Creek is comprised of 58 mineral claims totalling approximately 485 hectares located in Eureka County, Nevada.

(iii) Como Property - Como is comprised of 38 mineral claims totalling approximately 318 hectares located in Lyon County, Nevada.

(iv) Danny Boy Property - Danny Boy is comprised of 20 mineral claims totalling approximately 167 hectares located in Elko County, Nevada.

(v) Dome Hill Property - Dome Hill is comprised of 26 mineral claims totalling approximately 217 hectares located in Mineral County, Nevada and Mono County, California.

(vi) Kamma Property - Kamma is comprised of 14 mineral claims totalling approximately 117 hectares located in Pershing County, Nevada. The Company does not plan any further exploration on the Kamma property and accordingly all exploration and acquisition costs related to the Kamma property were written off at February 29, 2020.

(vii) Ziggurat Property - Ziggurat is comprised of 61 mineral claims totalling approximately 510 hectares located in Nye County, Nevada.

(viii) Long Valley Property – Long Valley is comprised of 29 mineral claims totalling approximately 242 hectares located in Mineral County, Nevada.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Oregon Properties

The Company holds a 100% interest in two mineral properties in Oregon that it has acquired by way of staking federal land.

(i) Katey Property - Katey is comprised of 50 mineral claims totalling approximately 418 hectares located in Malheur County, Oregon.

(ii) Mahogany Property - Mahogany is comprised of 70 mineral claims totalling approximately 579 hectares located in Malheur County, Oregon.

d) Utah Properties

The Company holds a 100% interest in the Keg property in Utah that it has acquired by way of staking federal land. Keg is comprised of 63 mineral claims totalling approximately 527 hectares located in Juab County, Utah.

7. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The Company issued the following common shares during the year ended February 29, 2020:

i) On June 3, 2019, the Company raised gross proceeds of $244,875 by way of a non-brokered private placement of 3,265,000 common shares priced at $0.075.

ii) On September 16, 2019, the Company raised gross proceeds of $272,625 by way of a non-brokered private placement of 3,635,000 common shares priced at $0.075.

iii) On September 18, 2020, the Company raised gross proceeds of $15,000 by way of a non-brokered private placement of 200,000 common shares priced at $0.075.

iv) On September 19, 2019, the Company settled $22,500 in liabilities owing to OCP through the issuance of 300,000 common shares priced at $0.075.

v) On February 7, 2020, the Company raised gross proceeds of $467,526 by way of a non-brokered private placement of 3,116,840 common shares priced at $0.15.

vi) As at February 29, 2020, the Company received subscription proceeds of $55,000 pursuant to a non-brokered private placement that closed subsequent to February 29, 2020 (Note 15(a)).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

a) Common Shares (continued)

The Company issued the following common shares during the period from incorporation to February 28, 2019:

i) On January 14, 2019, the Company issued 2 incorporation common shares at a price of $0.01 per share.

ii) On February 11, 2019, the Company raised gross proceeds of $43,750 by way of a non-brokered private placement of 8,750,000 common shares priced at $0.005.

iii) On February 28, 2019, the Company acquired CP Holdings Corporation from OCP for consideration that included the issuance of 8,500,000 common shares priced at $0.025 for a fair value of $212,500 (Note 10(d)).

b) Reserves

	February 29, 2020 $	February 28, 2019 $
Fair value of stock options granted or vested	96,619	-
Reserves	96,619	-

8. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a Stock Option Plan dated May 16, 2019 (the "Plan"). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding Common Shares. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other requirements under the Plan. Options granted under the Plan are subject to vesting terms determined by the Board.

A summary of the Company's stock options at February 29, 2020 and 2019 and the changes for the periods then ended is presented below:

	Options Outstanding	Weighted Average Exercise Price
Stock options outstanding at January 14, 2019 and February 28, 2019	-	-
Granted	1,600,000	$0.10
Stock options outstanding at February 29, 2020	1,600,000	$0.10

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS (CONTINUED)

a) Option Plan Details (continued)

On July 24, 2019, the Company granted 1,500,000 stock options exercisable at $0.10 per share to directors, an officer and consultants of the Company.

On September 1, 2019, the Company granted 100,000 stock options exercisable at $0.10 per share to a consultant of the Company.

Details of stock options outstanding and exercisable as at February 29, 2020 and 2019 are as follows:

Expiry Date	Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (Years)
July 24, 2024	$0.10	1,500,000	4.40
September 1, 2024	$0.10	100,000	4.51
		1,600,000	4.41

The weighted average remaining contractual life of stock options outstanding at February 29, 2020 was 4.41 years.

b) Fair Value of Options Issued During the Periods Ended

The weighted average fair value at grant date of options granted during the year ended February 29, 2020 was $0.06 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2020
Expected stock price volatility	121% - 122%
Risk-free interest rate	1.20% – 1.38%
Dividend yield	-
Expected life of options	5 years
Stock price on date of grant	$0.06
Forfeiture rate	-

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2020	2019
Combined statutory tax rate	27.00%	27.00%
	$	$
Income tax recovery at combined statutory rate	(112,100)	(1,300)
Non-deductible expenses and other items	23,800	-
Effect of change in statutory rate	3,200	-
Change in unrecognized deferred tax assets	85,100	1,300
Income tax expense	-	-

(Expressed in Canadian Dollars)

9. INCOME TAXES (CONTINUED)

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

	2020	2019
Exploration and evaluation assets	20,600	-
Non-capital and capital loss carry-forwards	65,800	1,300
Total deferred income tax assets	86,400	1,300
Unrecognized deferred tax assets	(86,400)	(1,300)
Net deferred tax assets	-	-

As at February 29, 2020, the Company has available for deduction against future taxable income non-capital losses of approximately $97,900 in Canada, which will expire between 2039 and 2040. As at February 29, 2020, the Company has non-capital losses of approximately $153,500 to reduce future taxable income in the United States with an indefinite expiry period. The Company has available for deduction against future taxable capital gains net-capital losses of approximately $Nil which can be carried forward indefinitely.

10. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	Year ended February 29, 2020 $	Period from January 14, 2019 to February 28, 2019 $
Short-term employee benefits and director fees	187,899	-
Share-based payments	72,449	-
	260,348	-

The Company has entered into an Officer and Consulting Agreement with a company controlled by the President effective September 1, 2019 for no fixed term. As compensation for the services to be provided, the company controlled by the President will receive a monthly fee of US $10,000 with provisions for severance of twelve months of compensation in the event the Company terminates the Agreement by reason of a change of control. During the year ended February 29, 2020, the Company paid $159,063 (US $120,000) (2019: $nil) in fees to the company controlled by the President.

10. RELATED PARTY TRANSACTIONS (CONTINUED)

a) Key Management Compensation (continued)

The Company has entered into a Consulting Services Agreement with a company of which the Chief Financial Officer is an owner and director dated January 6, 2020 for no fixed term. As compensation for the services to be provided, the company will receive a monthly fee of $4,000. During the year ended February 29, 2020, the Company recorded $4,000 (2019: $nil) in accounting services fees and $2,070 in advisory services payable to the company.

During the year ended February 29, 2020, the Company recorded $15,000 (2019: $nil) in consulting fees payable to a company controlled by a director, and the director received $1,297 (2019: $nil) in group health benefits.

During the year ended February 29, 2020, the Company recorded $6,340 (2019: $nil) in salaries and fees payable to the Corporate Secretary, and the Corporate Secretary received $128 (2019: $nil) in group health benefits.

b) Service Agreement

The Company has entered into a Contract for Services with OCP, a significant shareholder with a common director, effective May 1, 2019 for an eight month term ending December 31, 2019. As compensation for the services provided, OCP received a monthly fee of $5,000. During the year ended February 29, 2020, the Company recorded $40,000 (2019: $nil) in consulting fees payable to OCP.

c) Debt Settlement

On September 19, 2020, the Company settled $22,500 in amounts owing to OCP through the issuance of 300,000 common shares at a price of $0.075 per share as described in Note 7(a).

On June 26, 2019, the Company extended a non-interest bearing demand loan of $26,506 to an arm's length party, which receivable was guaranteed by OCP. On February 29, 2020, OCP took assignment of the receivable in return for the settlement of $26,250 in accrued fees owing to OCP.

d) Acquisition of CP Holdings Corporation

On February 28, 2019, the Company acquired CP Holdings Corporation from OCP for consideration of $1,337 cash and the issuance of 8,500,000 common shares priced at $0.025 for a fair value of $212,500.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (CONTINUED)

e) Private Placements

In connection with the private placement that closed on February 11, 2019, three insiders of the Company purchased a total of 8,500,000 common shares for total proceeds of $43,750.

In connection with the private placement that closed on June 3, 2019, one insider of the Company purchased a total of 500,000 common shares for total proceeds of $37,500. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on September 16, 2019, two insiders of the Company purchased a total of 455,000 common shares for total proceeds of $34,125. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on February 7, 2020, two insiders of the Company purchased a total of 272,500 common shares for total proceeds of $40,875. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

f) Due to Related Party

As at February 29, 2020, the Company has $33,659 (2019: $73,589) due to related parties which consists of amounts owed to directors, officers and significant shareholders for salaries, fees, advances and expense reimbursements, which is due on demand, unsecured and is non-interest bearing.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair values

The Company's financial instruments include cash and trade and other payables. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	February 29, 2020		February 28, 2019	
	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $
FVTPL assets (i)	368,309	368,309	43,688	43,688
Amortized cost liabilities (ii)	56,745	56,745	79,769	79,769

(i) Cash
(ii) Trade and other payables

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Fair values (continued)

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at February 29, 2020	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	368,309	-	-	368,309

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk, the Company only holds its cash with high credit chartered Canadian and United States financial institutions. As at February 29, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables. The Company has a working capital surplus of $296,206 as at February 29, 2020 and requires additional financing for operations and to meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 12. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at February 29, 2020:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	$	$	$	$	$	$
Trade and other payables	56,745	56,745	56,745	-	-	-

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's exploration property expenditures will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in Equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

13. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	Year ended February 29, 2020 $	Period from January 14, 2019 to February 28, 2019 $
Shares issued for debt settlement	22,500	-
Shares issued for acquisition of CP Holdings Corporation	-	212,500

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States:

	February 29, 2020			February 28, 2019		
	Canada $	USA $	Total $	Canada $	USA $	Total $
Current assets	321,400	51,050	372,450	43,688	-	43,688
Equipment	-	-	-	-	623	623
Exploration and evaluation assets	-	708,853	708,853	-	290,945	290,945
Total assets	321,400	759,903	1,081,303	43,688	291,568	335,256
Total liabilities	35,621	40,623	76,244	6,173	77,731	83,904

15. SUBSEQUENT EVENTS

a) Private Placements

On March 6, 2020, the Company raised gross proceeds of $343,750 by way of a non-brokered private placement of 2,291,664 common shares priced at $0.15.

On June 18, 2020, the Company raised gross proceeds of $15,000 by way of a non-brokered private placement of 100,000 common shares priced at $0.15.

On September 28, 2020, the Company raised gross proceeds of $1,667,600 by way of a non-brokered private placement of 7,580,000 common shares priced at $0.22. Finder's fees of $38,648 was paid to registered representatives on $772,970 of the placement.

On February 11, 2021, the Company raised gross proceeds of $4,070,224 by way of a non-brokered private placement of 11,629,112 subscription receipts (each, a "Subscription Receipt") priced at $0.35. Each Subscription Receipt entitles the holder to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Subscription Receipt Certificate. The conversion of the Subscription Receipts to Common Shares is anticipated to occur on the completion of certain conditions, specifically (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the Canadian Securities Exchange (the "CSE") that the Company has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts. The gross proceeds from the sale of the Subscription Receipts were deposited in escrow and are held by the Company in a separate interest-bearing account, with such Escrowed Funds not to be released until the satisfaction of the Escrow Release Conditions at which time the Escrowed Funds together with interest earned thereon will be accessible by the Company. The Company will use the Escrowed Funds for exploration and development expenditures, investor relations, general and administrative and other costs and for general working capital purposes.

15. SUBSEQUENT EVENTS (CONTINUED)

b) Acquisition of Crane Creek Property

Pursuant to an agreement dated July 22, 2020, the Company has acquired a 100% undivided interest in certain unpatented mining claims and State Mineral Lease E500007 located in Idaho for consideration of US $60,000 and 200,000 common shares of the Company (issued October 1, 2020 with a fair value of $44,000). The unpatented mining claims are subject to a 1% net smelter returns royalty which the Company may purchase for US $1,000,000 at any time.

Pursuant to mining lease agreement effective October 28, 2020 (the "Effective Date"), the Company has agreed to lease certain fee lands in Washington County, Idaho for a twenty year term that may be extended by ten year increments, for consideration of US $5,000 payable upon execution of the agreement and subsequent payments of US $3,250 on each anniversary of the Effective Date. The property is subject to a net smelter returns royalty of 2%, of which the first 1% may be purchased for US $1,000,000 at any time and the second 1% may be purchased for US $2,000,000 at any time.

c) Stock Options

On August 12, 2020, the Company granted 1,400,000 stock options exercisable at $0.20 per share to directors, officers and a consultant of the Company. The options will vest over a six month period.

On November 24, 2020, the Company granted 735,000 stock options exercisable at $0.22 per share to directors, an officer, consultants and an employee of the Company. The options will vest over a six month period.

d) Option of Bob Creek, Danny Boy, Ziggurat and Keg Properties

Pursuant to agreements dated October 1, 2020, the Company has granted NQ Holdings Inc. ("NQ", a non-arm's length company related by reason of certain common directors) the exclusive right and option to acquire 100% interests in four non-core mineral properties under the following terms:

(i) Bob Creek - Consideration of US $55,000 of which US $2,750 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $52,250 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Bob Creek, subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

(ii) Danny Boy - Consideration of US $15,000 of which US $1,250 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $13,750 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Danny Boy, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

15. SUBSEQUENT EVENTS (CONTINUED)

d) Option of Bob Creek, Danny Boy, Ziggurat and Keg Properties (continued)

(iii) Ziggurat - Consideration of US $35,000 of which US $2,000 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $33,000 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Ziggurat, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

(iv) Keg - Consideration of US $45,000 of which US $2,500 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $42,500 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Keg, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

e) Sale of Como Property

Pursuant to an agreement dated November 5, 2020, the Company has sold 100% interest in the Como property to Eclipse Gold Mining Corporation ("Eclipse", a public company trading on the TSXV Venture Exchange ("TSXV")) for consideration of US $100,000 and 500,000 common shares of Eclipse with a fair value of $310,000, subject to a net smelter returns royalty retained by the Company of 1.25% to 2.5% on certain of the claims. This transaction closed on November 24, 2020.

In February 2021, Northern Vertex Mining Corp. ("Northern Vertex") acquired Eclipse via a statutory plan of arrangement under the Business Corporations Act (British Columbia) pursuant to which Northern Vertex has acquired all of the issued and outstanding common shares of Eclipse. Pursuant to the transaction, Eclipse shareholders are entitled to receive 1.09 common shares of Northern Vertex in exchange for each Eclipse share held by such shareholder immediately prior to the completion of the transaction. The Company will receive 545,000 common shares of Northern Vertex in exchange for its 500,000 common shares of Eclipse.

f) Sale of Flint Property

Pursuant to an agreement dated December 3, 2020, the Company has sold 100% interest in the Flint property to Huntsman Exploration Inc. ("Huntsman", a public company trading on the TSXV) for consideration of US $100,000 and 8,450,000 common shares of Huntsman with a fair value of $2,070,250, subject to a 2% net smelter returns royalty retained by the Company. This transaction closed on December 21, 2020.

g) Property Acquisitions

Subsequent to February 29, 2020, the Company has staked the Castle Ridge property in Nevada and the Birch Creek and Hot Tub properties in Oregon.

15. SUBSEQUENT EVENTS (CONTINUED)

h) Management Compensation

The Company has entered into a Management Agreement with a company controlled by the President and Chief Executive Officer effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the company controlled by the President will receive a monthly fee of US $13,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the President resigns within 12 months following a change of control.

The Company has entered into a Management Agreement with a company controlled by the Executive Chair effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the company controlled by the Chair will receive a monthly fee of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the Chair resigns within 12 months following a change of control.

The Company has entered into an Employment Agreement with the Chief Financial Officer and Corporate Secretary effective January 4, 2021 for no fixed term. As compensation for the services to be provided, the CFO will receive a monthly salary of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the CFO resigns within 12 months following a change of control.

The Company has approved the payment of a director's fee of $1,000 per month to two directors and $2,000 per month to a director who serves as chair of the Audit Committee, effective March 1, 2021.

HEADWATER GOLD INC.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED NOVEMBER 30, 2020 AND 2019

UNAUDITED

(Expressed in Canadian Dollars)

HEADWATER GOLD INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2020 AND 2019
(UNAUDITED – SEE "NOTICE TO READER" BELOW)

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of Headwater Gold Inc. and the accompanying condensed interim consolidated statements of financial position as at November 30, 2020 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the three and nine months ended November 30, 2020 and 2019 are the responsibility of the Company's management.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with IAS 34 *Interim Financial Reporting* under International Financial Reporting Standards as issued by the IASB. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

"Caleb Stroup"	*"Sandra Wong"*
Caleb Stroup	Sandra Wong
Chief Executive Officer	Chief Financial Officer
April 9, 2021	April 9, 2021

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)

	Note	November 30, 2020 $	February 28, 2020 $
Assets			
Current assets			
Cash		1,279,803	363,309
Restricted cash		5,025	5,000
Short-term investments		319,300	-
Amounts and other receivable		4,848	1,294
Prepaid expenses		3,752	2,847
		1,612,728	372,450
Non-current assets			
Exploration and evaluation assets	5	1,568,965	708,853
Total assets		3,181,693	1,081,303
Liabilities			
Current liabilities			
Trade and other payables		203,656	76,244
Equity			
Share capital	6	3,296,977	1,278,776
Share subscriptions	6	-	55,000
Reserves	6	196,206	96,619
Accumulated other comprehensive income		(1,173)	(5,318)
Deficit		(513,973)	(420,018)
		2,978,037	1,005,059
Total liabilities and equity		3,181,693	1,081,303

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 9, 2021 and are signed on its behalf by:

/s/"Alistair Waddell" Director *(/s/"Caleb Stroup")* Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

HEADWATER GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
FOR THE NINE MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
	Note	November 30, 2020 $	November 30, 2019 $	November 30, 2020 $	November 30, 2019 $
Expenses					
Accounting and audit		12,000	2,060	45,000	6,453
Consulting		11,243	15,000	14,849	38,000
Filing fees		1,541	-	5,712	1,266
General exploration		6,597	25,581	42,433	85,581
Investor communication		9,223	6,606	17,772	6,774
Legal		2,405	875	7,539	3,481
Management		18,630	2,074	43,306	2,699
Office		30,571	16,033	57,312	28,932
Salaries and benefits		8,024	1,436	10,923	4,435
Share-based payments		76,019	-	91,322	72,449
Travel		7,876	2,309	18,513	8,756
Total expenses		(184,129)	(71,974)	(354,681)	(258,826)
Other income (expenses)					
Finance income		847	-	1,323	-
Foreign exchange gain (loss)		(20,226)	9,626	(64,651)	(531)
Gain on sale of exploration and evaluation assets	5	321,453	-	321,453	-
Impairment of exploration and evaluation assets	5	87	-	(6,699)	(29,743)
Unrealized gain on investments	4	9,300	-	9,300	-
Loss on disposal of equipment		-	-	-	(633)
		311,461	9,626	260,726	(30,907)
Net income (loss)		127,332	(62,348)	(93,955)	(289,733)
Other comprehensive loss					
Items that may be reclassified to comprehensive loss:					
Cumulative translation adjustment		(9,978)	(135)	4,145	(1,095)
Comprehensive income (loss)		117,354	(62,483)	(89,810)	(290,828)
Income (loss) per common share, basic and diluted		0.00	(0.00)	(0.00)	(0.01)
Weighted average number of common shares outstanding		35,538,067	23,908,682	31,848,651	20,510,093

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

HEADWATER GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Share Subscriptions $	Reserves $	Accumulated other comprehensive income $	Deficit $	Total $
Balance, February 28, 2019	17,250,002	256,250	-	-	-	(4,898)	251,352
Shares issued for private placement	7,100,000	532,500	-	-	-	-	532,500
Shares issued for debt settlement	300,000	22,500	-	-	-	-	22,500
Share subscriptions	-	-	34,350	-	-	-	34,350
Share-based payments	-	-	-	96,619	-	-	96,619
Net loss	-	-	-	-	-	(289,733)	(289,733)
Other comprehensive loss	-	-	-	-	(1,095)	-	(1,095)
Balance, November 30, 2019	24,650,002	811,250	34,350	96,619	(1,095)	(294,631)	646,493
Balance, February 29, 2020	27,766,842	1,278,776	55,000	96,619	(5,318)	(420,018)	1,005,059
Shares issued for private placement	9,971,664	2,026,350	(55,000)	-	-	-	1,971,350
Shares issued for Crane Creek	200,000	44,000	-	-	-	-	44,000
Share-based payments	-	-	-	99,587	-	-	99,587
Share issue costs	-	(52,149)	-	-	-	-	(52,149)
Net loss	-	-	-	-	-	(93,955)	(93,955)
Other comprehensive income	-	-	-	-	4,145	-	4,145
Balance, November 30, 2020	37,938,506	3,296,977	-	196,206	(1,173)	(513,973)	2,978,037

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

HEADWATER GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	November 30, 2020 $	November 30, 2019 $
Operating activities		
Net loss	(93,955)	(289,733)
Items not involving cash:		
Foreign exchange	67,511	(2,112)
Gain on sale of exploration and evaluation assets	(321,453)	-
Impairment of exploration and evaluation assets	6,699	29,743
Unrealized gain on investments	(9,300)	-
Loss on disposal of equipment	-	623
Share-based payments	91,322	72,449
Changes in non-cash working capital accounts:		
Amounts and other receivable	(3,554)	(29,717)
Prepaid expenses	(905)	(10,964)
Trade and other payables	21,667	(23,875)
Cash used in operating activities	(241,968)	(253,586)
Investing activities		
Expenditures on exploration and evaluation assets	(885,074)	(164,276)
Proceeds from sale of exploration and evaluation assets	135,330	-
Restricted cash	(25)	(5,000)
Cash used in investing activities	(749,769)	(169,276)
Financing activities		
Proceeds from share issuances	1,971,350	532,500
Share subscriptions received	-	34,350
Share issuance costs	(52,149)	-
Cash provided by financing activities	1,919,201	566,850
Effect of foreign exchange on cash	(10,970)	-
Increase in cash	916,494	143,988
Cash, beginning of period	363,309	43,688
Cash, end of period	1,279,803	187,676
Supplemental information		
Interest paid	-	-
Income taxes paid	-	-

Refer to Note 11 for non-cash transactions incurred during the periods ended November 30, 2020 and 2019.

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Headwater Gold Inc. (the "Company") was incorporated on January 14, 2019 under the laws of British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets in the United States. The address of the Company's corporate office and its principal place of business is Suite 1100 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has one wholly owned subsidiary: CP Holdings Corporation. The accounts of the subsidiary are consolidated with the Company.

As at November 30, 2020, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a net loss of $93,955 for the nine months ended November 30, 2020 and, as of that date, the Company had an accumulated deficit of $513,973, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the nine-month period ended November 30, 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting.* They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2020 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2020 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2020. Note 2c) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on April 9, 2021.

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, CP Holdings Corporation. Inter-company balances and transactions are eliminated on consolidation.

b) Foreign Currency Translation

The presentation and functional currency of the Company is the Canadian dollar as this is the principal currency of the economic environment in which it operates. The functional currency of the subsidiary is the United States Dollar.

The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in the statement of comprehensive loss.

A subsidiary that has a functional currency different from the presentation currency, is translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the period, and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

c) Adoption of New and Revised Standards and Interpretations

A number of new or amended accounting standards were scheduled for mandatory adoption on or after March 1, 2020. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2020 annual financial statements.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of marketable securities. As at November 30, 2020 and February 29, 2020, the fair values of the short-term investments are as follows:

	November 30, 2020 $	February 29, 2020 $
Marketable securities	319,300	-

On November 24, 2020, pursuant to a property sale agreement, the Company received 500,000 common shares of Eclipse Gold Mining Corporation ("Eclipse"), a public company listed for trading on the TSX Venture Exchange, which were recorded at market value of $310,000 (Notes 5(b) and 13(c)).

A summary table of the Company's investment in Eclipse marketable securities is as follows:

	Number of shares	Fair value $
Balance, February 29, 2020	-	-
Eclipse shares received on November 24, 2020	500,000	310,000
Unrealized gain	-	9,300
Balance, November 30, 2020	500,000	319,300

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Idaho $	Nevada $	Oregon $	Utah $	Total $
Acquisition costs					
Balance, February 28, 2019	224,557	4,773	-	-	229,330
Additions	35,146	143,153	69,262	32,763	280,324
Impairment	(29,631)	(20,196)	-	-	(49,827)
Foreign exchange	2,378	1,978	1,286	591	6,233
Balance, February 29, 2020	232,450	129,708	70,548	33,354	466,060
Additions	193,549	280,749	127,209	14,163	615,670
Impairment	-	(6,648)	-	-	(6,648)
Sale of E&E Asset	-	(87,303)	-	-	(87,303)
Foreign exchange	(8,561)	(12,531)	(5,181)	(1,639)	(27,912)
Balance, November 30, 2020	417,438	303,975	192,576	45,878	959,867
Exploration costs					
Balance, February 28, 2019	60,333	1,282	-	-	61,615
Additions					
Administration	28,739	24,417	2,474	-	55,630
Geology	28,582	53,942	21,394	990	104,908
Mapping and sampling	605	9,625	11,725	-	21,955
Technical review	9,278	12,969	2,513	517	25,277
	67,204	100,953	38,106	1,507	207,770
Impairment	-	(30,282)	-	-	(30,282)
Foreign exchange	2,092	903	669	26	3,690
Balance, February 29, 2020	129,629	72,856	38,775	1,533	242,793
Additions					
Administration	2,719	2,963	2,605	-	8,287
Drilling	-	1,399	-	-	1,399
Geology	45,729	88,472	176,605	6,077	316,883
Mapping, sampling, geochem	2,749	14,185	36,938	-	53,872
Reports	-	-	17,243	-	17,243
Technical review	10,384	14,199	7,718	-	32,301
	61,581	121,218	241,109	6,077	429,985
Sale of E&E Asset	-	(42,768)	-	-	(42,768)
Foreign exchange	(6,650)	(6,463)	(7,447)	(352)	(20,912)
Balance, November 30, 2020	184,560	144,843	272,437	7,258	609,098
Total acquisition costs and exploration expenditures					
February 29, 2020	362,079	202,564	109,323	34,887	708,853
November 30, 2020	601,998	448,818	465,013	53,136	1,568,965

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Idaho Properties

The Company holds a 100% interest in four mineral properties in Idaho that it has acquired by way of staking federal land or arm's length vendor acquisition.

(i) Flint Property - Flint is comprised of 91 mineral claims totalling approximately 756 hectares located in Owyhee County, Idaho. The Company had elected not to maintain certain of the claims and accordingly $8,000 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 29, 2020.

(ii) Matador Property - Matador is comprised of 30 mineral claims totalling approximately 251 hectares located in Owyhee County, Idaho. The Company had elected not to maintain certain of the claims and accordingly $7,408 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 29, 2020.

(iii) Opaline Gulch Property - Opaline Gulch is comprised of 31 mineral claims totalling approximately 259 hectares located in Owyhee County, Idaho. The Company had elected not to maintain certain of the claims and accordingly $14,223 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 29, 2020.

(iv) Crane Creek Property - Pursuant to an agreement dated July 22, 2020, the Company has acquired a 100% undivided interest in certain unpatented mining claims and State Mineral Lease E500007 located in Idaho for consideration of US $60,000 and 200,000 common shares of the Company (issued October 1, 2020 with a fair value of $44,000). The unpatented mining claims are subject to a 1% net smelter returns royalty which the Company may purchase for US $1,000,000 at any time.

Pursuant to mining lease agreement effective October 28, 2020 (the "Effective Date"), the Company has agreed to lease certain fee lands in Washington County, Idaho for a twenty year term that may be extended by ten year increments, for consideration of US $5,000 payable upon execution of the agreement and subsequent payments of US $3,250 on each anniversary of the Effective Date. The property is subject to a net smelter returns royalty of 2%, of which the first 1% may be purchased for US $1,000,000 at any time and the second 1% may be purchased for US $2,000,000 at any time.

b) Nevada Properties

The Company holds a 100% interest in eight mineral properties in Nevada that it has acquired by way of staking federal land.

(i) Agate Point Property - Agate Point is comprised of 59 mineral claims totalling approximately 493 hectares located in Humboldt County, Nevada.

(ii) Castle Ridge Property – Castle Ridge is comprised of 240 mineral claims totalling approximately 1,943 hectares located in Elko County, Nevada.

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Nevada Properties (continued)

(iii) Dome Hill Property - Dome Hill is comprised of 26 mineral claims totalling approximately 217 hectares located in Mineral County, Nevada and Mono County, California.

(iv) Long Valley Property – Long Valley is comprised of 51 mineral claims totalling approximately 426 hectares located in Esmeralda and Mineral County, Nevada.

(v) Como Property - Como is comprised of 38 mineral claims totalling approximately 297 hectares located in Lyon County, Nevada. Pursuant to an agreement dated November 5, 2020, the Company sold 100% interest in the Como property to Eclipse for consideration of US $100,000 and 500,000 common shares of Eclipse with a fair value of $310,000 (Note 4(a)), subject to a net smelter returns royalty retained by the Company of 1.25% to 2.5% on certain of the claims. This transaction was completed on November 24, 2020 and a gain on disposal of exploration and evaluation assets of $321,453 was recorded during the period ended November 30, 2020.

(vi) Bob Creek Property - Bob Creek is comprised of 80 mineral claims totalling approximately 669 hectares located in Eureka County, Nevada. Pursuant to a property option agreement dated October 1, 2020, the Company has granted NQ Holdings Inc. (“NQ”, a non-arm’s length company related by reason of certain common directors) the exclusive right and option to acquire 100% interest in Bob Creek for consideration of US $55,000 of which US $2,750 is payable within 90 days of signing the agreement and US $52,250 is payable in cash or common shares of NQ on or before October 1, 2023. The property is subject to a 0.5% net smelter returns (“NSR”) royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised subsequent to period end on February 23, 2021.

(vii) Danny Boy Property - Danny Boy is comprised of 20 mineral claims totalling approximately 167 hectares located in Elko County, Nevada. Pursuant to a property option agreement dated October 1, 2020, the Company has granted NQ the exclusive right and option to acquire 100% interest in Danny Boy for consideration of US $15,000 of which US $1,250 is payable within 90 days of signing the agreement and US $13,750 is payable in cash or common shares of NQ on or before October 1, 2023. The property is subject to a 0.5% net smelter returns (“NSR”) royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised subsequent to period end on February 23, 2021.

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Nevada Properties (continued)

(viii) Ziggurat Property - Ziggurat is comprised of 61 mineral claims totalling approximately 510 hectares located in Nye County, Nevada. Pursuant to a property option agreement dated October 1, 2020, the Company has granted NQ the exclusive right and option to acquire 100% interest in Ziggurat for consideration of US $35,000 of which US $2,000 is payable within 90 days of signing the agreement and US $33,000 is payable in cash or common shares of NQ on or before October 1, 2023. The property is subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised subsequent to period end on February 23, 2021.

c) Oregon Properties

The Company holds a 100% interest in four mineral properties in Oregon that it has acquired by way of staking federal land.

(i) Katey Property - Katey is comprised of 85 mineral claims totalling approximately 711 hectares located in Malheur County, Oregon.

(ii) Mahogany Property - Mahogany is comprised of 139 mineral claims totalling approximately 1,162 hectares located in Malheur County, Oregon.

(iii) Hot Tub Property – Hot Tub is comprised of 30 mineral claims totalling approximately 251 hectares in Malheur County, Oregon.

(iv) Birch Creek Property – Birch Creek is comprised of 12 mineral claims totalling approximately 100 hectares in Malheur County, Oregon.

d) Utah Properties

The Company holds a 100% interest in the Keg property in Utah that it has acquired by way of staking federal land. Keg is comprised of 63 mineral claims totalling approximately 527 hectares located in Juab County, Utah.

Pursuant to a property option agreement dated October 1, 2020, the Company has granted NQ the exclusive right and option to acquire 100% interest in Keg for consideration of US $45,000 of which US $2,500 is payable within 90 days of signing the agreement and US $42,500 is payable in cash or common shares of NQ on or before October 1, 2023. The property is subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time. The option was exercised subsequent to period end on February 23, 2021.

6. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The Company issued the following common shares during the nine months ended November 30, 2020:

i) On March 6, 2020, the Company raised gross proceeds of $343,750 by way of a non-brokered private placement of 2,291,664 common shares priced at $0.15. Finder's fees of $13,500 was paid to a registered representative on $225,000 of the placement.

ii) On June 18, 2020, the Company raised gross proceeds of $15,000 by way of a non-brokered private placement of 100,000 common shares priced at $0.15.

iii) On September 28, 2020, the Company raised gross proceeds of $1,667,600 by way of a non-brokered private placement of 7,580,000 common shares priced at $0.22. Finder's fees of $38,648 was paid to registered representatives on $772,970 of the placement.

iv) On October 1, 2020, the Company issued 200,000 common shares with a fair value of $0.22 per share pursuant to the Crane Creek property acquisition described in Note 5(a).

The Company issued the following common shares during the year ended February 29, 2020:

v) On June 3, 2019, the Company raised gross proceeds of $244,875 by way of a non-brokered private placement of 3,265,000 common shares priced at $0.075.

vi) On September 16, 2019, the Company raised gross proceeds of $272,625 by way of a non-brokered private placement of 3,635,000 common shares priced at $0.075.

vii) On September 18, 2019, the Company raised gross proceeds of $15,000 by way of a non-brokered private placement of 200,000 common shares priced at $0.075.

viii) On September 19, 2019, the Company settled $22,500 in liabilities owing to OCP Holdings Ltd. ("OCP") through the issuance of 300,000 common shares priced at $0.075.

ix) On February 7, 2020, the Company raised gross proceeds of $467,526 by way of a non-brokered private placement of 3,116,840 common shares priced at $0.15.

x) As at February 29, 2020, the Company received subscription proceeds of $55,000 pursuant to the non-brokered private placement that closed on March 6, 2020.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

b) Reserves

	November 30, 2020 $	February 29, 2020 $
Fair value of stock options granted or vested	99,587	96,619
Reserves	196,206	96,619

7. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a Stock Option Plan dated May 16, 2019 (the "Plan"). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding Common Shares. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other requirements under the Plan. Options granted under the Plan are subject to vesting terms determined by the Board.

A summary of the Company's stock options at November 30, 2020 and February 29, 2020 and the changes for the periods then ended is presented below:

	November 30, 2020		February 29, 2020	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	1,600,000	$0.10	-	-
Granted	2,135,000	$0.21	1,600,000	$0.10
Ending balance	3,735,000	$0.16	1,600,000	$0.10

On August 12, 2020, the Company granted 1,400,000 stock options exercisable at $0.20 per share to directors, officers and a consultant of the Company.

On November 24, 2020, the Company granted 735,000 stock options exercisable at $0.22 per share to directors, officers, employees and consultants of the Company.

(Expressed in Canadian Dollars)

7. SHARE-BASED PAYMENTS (CONTINUED)

a) Option Plan Details (continued)

Details of stock options outstanding and exercisable as at November 30, 2020 and February 29, 2020 are as follows:

Expiry Date	Exercise Price	November 30, 2020	February 29, 2020	Weighted Average Remaining Contractual Life (Years)
July 24, 2024	$0.10	1,500,000	1,500,000	3.65
September 1, 2024	$0.10	100,000	100,000	3.76
August 12, 2025	$0.20	1,400,000	-	4.70
November 24, 2025	$0.22	735,000	-	4.99
		3,735,000	1,600,000	4.31

The weighted average remaining contractual life of stock options outstanding at November 30, 2020 was 4.31 years (February 29, 2020 - 4.41 years).

b) Fair Value of Options Issued During the Periods Ended

The weighted average fair value at grant date of options granted during the period ended November 30, 2020 was $0.13 per option (2019: $0.06 per option). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2020	2019
Expected stock price volatility	109% - 112%	121% - 122%
Risk-free interest rate	1.38% – 1.44%	1.20% – 1.38%
Dividend yield	-	-
Expected life of options	5 years	5 years
Stock price on date of grant	$0.15 - $0.22	$0.06
Forfeiture rate	-	-

8. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	2020 $	2019 $
Short-term employee benefits and director fees	186,756	137,312
Share-based payments	90,753	72,449
	277,509	209,761

8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Key Management Compensation (continued)

The Company has entered into an Officer and Consulting Agreement with a company controlled by the President effective September 1, 2019 for no fixed term. As compensation for the services to be provided, the company controlled by the President will receive a monthly fee of US $10,000 with provisions for severance of twelve months of compensation in the event the Company terminates the Agreement by reason of a change of control. During the period ended November 30, 2020, the Company paid $118,548 (2019: $121,785) in fees to the company controlled by the President.

The Company has entered into a Consulting Services Agreement with a company of which the Chief Financial Officer is an owner and director dated January 6, 2020 for no fixed term. As compensation for the services to be provided, the company will receive a monthly fee of $4,000. During the period ended November 30, 2020, the Company recorded $36,000 (2019: $nil) in accounting services fees payable to the company.

During the period ended November 30, 2020, the Company recorded $22,500 (2019: $10,000) in consulting fees payable to a company controlled by a director, and the director received $1,501 (2019: $811) in group health benefits.

During the period ended November 30, 2020, the Company recorded $7,900 (2019: $4,635) in salaries and fees payable to the Corporate Secretary, and the Corporate Secretary received $128 (2019: $80) in group health benefits.

b) Service Agreement

The Company has entered into a Contract for Services with OCP, a significant shareholder with a common director, effective May 1, 2019 for an eight-month term ending December 31, 2019. As compensation for the services provided, OCP received a monthly fee of $5,000. During the period ended November 30, 2020, the Company recorded $nil (2019: $35,000) in consulting fees payable to OCP.

c) Debt Settlement

On September 19, 2019, the Company settled $22,500 in amounts owing to OCP through the issuance of 300,000 common shares at a price of $0.075 per share as described in Note 6(a).

On June 26, 2019, the Company extended a non-interest bearing demand loan of $26,506 to an arm's length party, which receivable was guaranteed by OCP. On February 29, 2020, OCP took assignment of the receivable in return for the settlement of $26,250 in accrued fees owing to OCP.

d) Acquisition of CP Holdings Corporation

On February 28, 2019, the Company acquired CP Holdings Corporation from OCP for consideration of $1,337 cash and the issuance of 8,500,000 common shares priced at $0.025 for a fair value of $212,500.

8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

e) Private Placements

In connection with the private placement that closed on June 3, 2019, one insider of the Company purchased a total of 500,000 common shares for total proceeds of $37,500. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on September 16, 2019, two insiders of the Company purchased a total of 455,000 common shares for total proceeds of $34,125. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on February 7, 2020, two insiders of the Company purchased a total of 272,500 common shares for total proceeds of $40,875. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on June 18, 2020, one insider of the Company purchased a total of 100,000 common shares for total proceeds of $15,000. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on September 28, 2020, three insiders of the Company purchased a total of 390,000 common shares for total proceeds of $85,800. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

f) Due to Related Party

As at November 30, 2020, the Company has $32,330 (February 29, 2020: $33,659) due to related parties which consists of amounts owed to directors, officers and significant shareholders for salaries, fees, advances and expense reimbursements, which is due on demand, unsecured and is non-interest bearing.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair values

The Company's financial instruments include cash and trade and other payables. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

	November 30, 2020		February 29, 2020	
	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $
FVTPL assets (i)	1,604,128	1,604,128	368,309	368,309
Amortized cost liabilities (ii)	183,064	183,064	56,745	56,745

(i) Cash and short-term investments
(ii) Trade and other payables

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at November 30, 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	1,284,828	-	-	1,284,828
Short-term investments	319,300	-	-	319,300

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk, the Company only holds its cash with high credit chartered Canadian financial institutions. As at November 30, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables. The Company has a working capital surplus of $1,409,072 as at November 30, 2020 and requires additional financing for operations and to meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 10. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at November 30, 2020:

	Carrying Amount $	Contractual Cash Flows $	Within 1 year $	Within 2 years $	Within 3 years $	Over 3 years $
Trade and other payables	183,064	183,064	183,064	-	-	-

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's exploration property expenditures will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in Equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash and cash equivalents.

11. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	**Nine months ended November 30, 2020 $**	**Nine months ended November 30, 2019 $**
Shares issued for debt settlement	-	22,500
Shares issued for Crane Creek	44,000	-

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States:

	November 30, 2020			February 28, 2020		
	Canada $	USA $	Total $	Canada $	USA $	Total $
Current assets	1,350,060	262,668	1,612,728	321,400	51,050	372,450
Exploration and evaluation assets	-	1,568,965	1,568,965	-	708,853	708,853
Total assets	1,350,060	1,831,633	3,181,693	321,400	759,903	1,081,303
Total liabilities	53,427	150,229	203,656	35,621	40,623	76,244

13. SUBSEQUENT EVENTS

a) Sale of Flint Property

Pursuant to an agreement dated December 3, 2020, the Company has sold 100% interest in the Flint property to Huntsman Exploration Inc. ("Huntsman", a public company trading on the TSXV) for consideration of US $100,000 and 8,450,000 common shares of Huntsman with a fair value of $2,070,250, subject to a 2% net smelter returns royalty retained by the Company. This transaction closed on December 21, 2020 and the consideration shares are restricted from trading until December 21, 2021.

b) Private Placements

On February 11, 2021, the Company raised gross proceeds of $4,070,224 by way of a non-brokered private placement of 11,629,212 subscription receipts (each, a "Subscription Receipt") priced at $0.35. Each Subscription Receipt entitles the holder to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Subscription Receipt Certificate. The conversion of the Subscription Receipts to Common Shares is anticipated to occur on the completion of certain conditions, specifically (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the Canadian Securities Exchange (the "CSE") that the Company has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts. The gross proceeds from the sale of the Subscription Receipts were deposited in escrow and are held by the Company in a separate interest-bearing account, with such Escrowed Funds not to be released until the satisfaction of the Escrow Release Conditions at which time the Escrowed Funds together with interest earned thereon will be accessible by the Company. The Company will use the Escrowed Funds for exploration and development expenditures, investor relations, general and administrative and other costs and for general working capital purposes.

13. SUBSEQUENT EVENTS (CONTINUED)

c) Eclipse Gold Mining Corporation

In February 2021, Northern Vertex Mining Corp. ("Northern Vertex") acquired Eclipse via a statutory plan of arrangement under the Business Corporations Act (British Columbia) pursuant to which Northern Vertex has acquired all of the issued and outstanding common shares of Eclipse. Pursuant to the transaction, Eclipse shareholders are entitled to receive 1.09 common shares of Northern Vertex in exchange for each Eclipse share held by such shareholder immediately prior to the completion of the transaction. The Company's marketable securities asset as at November 30, 2020 are Eclipse shares. The Company will receive 545,000 common shares of Northern Vertex in exchange for its 500,000 common shares of Eclipse.

d) Management Compensation

The Company has entered into a Management Agreement with a company controlled by the President and Chief Executive Officer effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the company controlled by the President will receive a monthly fee of US $13,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the President resigns within 12 months following a change of control.

The Company has entered into a Management Agreement with a company controlled by the Executive Chair effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the company controlled by the Chair will receive a monthly fee of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the Chair resigns within 12 months following a change of control.

The Company has entered into an Employment Agreement with the Chief Financial Officer and Corporate Secretary effective January 4, 2021 for no fixed term. As compensation for the services to be provided, the CFO will receive a monthly salary of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the CFO resigns within 12 months following a change of control.

The Company has approved the payment of a director's fee of $1,000 per month to two directors and $2,000 per month to a director who serves as chair of the Audit Committee, effective March 1, 2021.

e) Crane Creek Property

State Mineral Lease E500007 expired on February 28, 2021 and the Company is in the process of pursuing a fresh lease with the State.

SCHEDULE "B"

HEADWATER GOLD INC.
MANAGEMENT'S DISCUSSION FOR THE PERIOD FROM INCORPORATION ON JANUARY 14, 2019 TO FEBRUARY 28, 2019, THE YEAR ENDED FEBRUARY 29, 2020 AND THE NINE MONTH PERIOD ENDED NOVEMBER 30, 2020

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HEADWATER GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020

This report provides a discussion and analysis of the financial condition and results of operations ("Management's Discussion and Analysis") to enable a reader to assess material changes in financial condition between February 29, 2020 and February 28, 2019 and results of operations for the periods ended February 29, 2020 and 2019, as well as forward-looking statements relating to the potential future performance. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below. This Management's Discussion and Analysis has been prepared as of **March 18, 2021** ("Report Date"). This Management's Discussion and Analysis is intended to supplement and complement the audited consolidated financial statements and notes thereto for the year ended February 29, 2020 (collectively the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this Management's Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management's Discussion and Analysis and such notes are incorporated by reference herein.

1. CORE BUSINESS

Headwater Gold Inc. ("Headwater" or the "Company") was incorporated on January 14, 2019 under the laws of British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets in the United States. The address of the Company's corporate office and its principal place of business is Suite 1100 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has one wholly owned subsidiary: CP Holdings Corporation. The accounts of the subsidiary are consolidated with the Company.

The Company is focused on high-grade precious metal exploration in the mining-friendly western United States. The Company uses a proprietary target generation software combined with extensive local knowledge to generate new projects. Through its wholly owned subsidiary, CP Holdings Corporation, the Company has acquired a 100% interest, royalty free, in a portfolio of mineral projects in Idaho, Nevada, Oregon and Utah that it has staked on federal land. The Company has acquired additional mineral projects through third party agreements.

The Company's principal projects are the 100% owned **Katey** and **Mahogany** properties located in Malheur County, Oregon, United States (the "Properties"). The Properties are composed of 224 unpatented lode claims totalling 1,842 hectares (4,551 acres) in two separate blocks that are 30 km apart from each other. See Section 7.1 "Exploration and Evaluation Activities" below for a description of the Properties and the work program that has been undertaken to date.

As at February 28, 2020, the Company's other mineral resource properties include the following:

- Idaho – **Matador** (Owyhee County), **Opaline Gulch** (Owyhee County) and **Flint** (sold subsequent to year end);

- Nevada – **Agate Point** (Humboldt County), **Dome Hill** (Mineral County, NV and Mono County, CA), **Long Valley** (Mineral County), and the following properties that were sold subsequent to year end: **Bob Creek**, **Como**, **Danny Boy** and **Ziggurat**; and

- Utah – **Keg** (sold subsequent to year end).

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company.

2. FINANCIAL CONDITION

As at February 29, 2020, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a loss of $415,120 for the year ended February 29, 2020 and, as of that date, the Company had an accumulated deficit of $420,018, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company had a working capital surplus of $296,206 at February 29, 2020 (2019: $40,216 deficit).

Cash was $363,309 at February 29, 2020 (2019: $43,688). Restricted cash was $5,000 at February 29, 2020 (2019: $nil) and consists of a term deposit held at a financial institution as security against a company credit card. The Company's sources and uses of cash are discussed in Section 4 "Cash Flows" below.

Amounts and other receivable of $1,294 at February 29, 2020 (2019: $nil) consists of GST input tax credits.

Prepaid expenses of $2,847 at February 29, 2020 (2019: $nil) relate to ordinary operating expenses.

Equipment was $nil at February 29, 2020 (2019: $623).

Exploration and evaluation assets of $708,853 at February 29, 2020 (2019: $290,945) consist of acquisition and exploration expenditures on the Company's mineral properties and are discussed in Section 6 "Major Operating Milestones" below.

Trade and other payables were $76,244 at February 29, 2020 (2019: $83,904). Trade and other payables are unsecured and are usually paid within 30 days of recognition. Included in trade and other payables is $33,659 (2019: $73,589) due to related parties which consists of amounts owed to directors, officers and significant shareholders for salaries, fees, advances and expense reimbursements. Included in due to related parties is a non-interest bearing, unsecured demand loan of US $3,000 received from a director of the Company on January 29, 2020. The fair value of the loan was $4,029 on February 29, 2020 (2019: $nil).

3. FINANCIAL PERFORMANCE

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States.

Because the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a private company of its size. Net loss for the year ended February 29, 2020 was $415,120 and comprehensive loss after cumulative translation adjustment was $420,438 or $0.02 per share, compared to a net and comprehensive loss of $4,898 for the period from January 14, 2019 to February 28, 2019 or $0.01 per share. Net loss for the three months ended February 29, 2020 was $125,387 and comprehensive loss after cumulative translation adjustment was $118,974 or $0.01 per share, compared to a loss of $4,898 for the period from January 14, 2019 to February 28, 2019 or $0.01 per share.

The following is select information from the Company's consolidated statements of comprehensive income (loss) for the periods ended February 29, 2020 and 2019.

	Three months ended February 29, 2020 $	Period from January 14, 2019 to February 28, 2019 $	Year ended February 29, 2020 $	Period from January 14, 2019 to February 28, 2019 $
Expenses				
Accounting and audit	27,649	1,500	34,102	1,500
Consulting	10,070	-	48,070	-
Filing fees	253	352	1,519	352
General exploration	7,524	-	93,105	-
Investor communication	8,468	1,601	15,242	1,601
Legal	1,766	1,283	5,247	1,283
Management	4,703	-	7,402	-
Office	16,934	162	45,866	162
Salaries and benefits	1,570	-	6,005	-
Share-based payments	-	-	72,449	-
Travel	6,750	-	15,506	-
Total expenses	(85,687)	(4,898)	(344,513)	(4,898)
Other income (expenses)				
Finance income	997	-	997	-

Foreign exchange gain (loss)	9,811	-	9,280	-
Impairment of E&E assets	(50,508)	-	(80,251)	-
Loss on disposal of equipment	-	-	(633)	-
	(39,700)	-	(70,607)	(4,898)
Net loss	(125,387)	(4,898)	(415,120)	(4,898)
Other comprehensive loss				
Cumulative translation adjustment	(4,223)	-	(5,318)	-
Comprehensive loss	(129,610)	(4,898)	(420,438)	(4,898)

3.1 Total expenses for the year ended February 29, 2020

Total expenses for the year ended February 29, 2020 were $344,513 compared to total expenses of $4,898 for the period from January 14, 2019 to February 28, 2019.

Accounting and audit fees were $34,102 for the year ended February 29, 2020 compared to $1,500 in expenses recorded in the period from January 14, 2019 to February 28, 2019. Accounting fees were paid for accounting and bookkeeping services, including $4,000 paid to a company controlled by the former CFO during the year ended February 29, 2020. Included in audit fees is a provision of $19,500 for preparation of the Company's 2020 and 2019 financial year end audits and income tax returns. The following is a breakdown of accounting and audit fees for the periods ended February 29, 2020 and 2019.

	Year ended February 29, 2020 $	**Period from January 14, 2019 to February 28, 2019 $**
Accounting fees	11,058	-
Audit and tax return preparation	23,044	1,500
	34,102	1,500

Employee costs were $133,926 for the year ended February 29, 2020 compared to $nil in employee costs recorded in the period from January 14, 2019 to February 28, 2019. Employee costs consist of consulting fees, management fees, salaries and benefits and share-based payments. The following is a breakdown of material components of the Company's employee costs for the periods ended February 29, 2020 and 2019.

	Year ended February 29, 2020 $	**Period from January 14, 2019 to February 28, 2019 $**
Consulting fees	48,070	-
Management fees	7,402	-
Salaries and benefits	6,005	-
Share-based payments	72,449	-
	133,926	-

Consulting fees of $48,070 for the year ended February 29, 2020 consist of $40,000 for strategic consulting fees, $2,070 for market advisory services and $6,000 for administrative services (see Section 12 "Transactions with Related Parties" below).

Management fees of $7,402 for the year ended February 29, 2020 were paid to the President and Corporate Secretary of the Company.

Salaries and benefits of $6,005 for the year ended February 29, 2020 consist of salaries and group health benefits paid to the Chairman, Corporate Secretary and an administrative assistant.

Share-based payments of $72,449 for the year ended February 29, 2020 represent the fair value of 1,200,000 stock options granted to directors and officers of the Company that are exercisable at $0.10 per share for a five year term. A further 400,000 stock options exercisable at $0.10 per share for a five year term were granted to the Company's technical committee and a geological consultant. The $24,170 fair value of these options were capitalized to mineral properties.

Legal fees were $5,247 for the year ended February 29, 2020 compared to $1,283 in legal fees recorded for the period from January 14, 2019 to February 28, 2019 and relate to general corporate matters.

Filing fees were $1,519 for the year ended February 29, 2020 compared to $352 in filing fees recorded for the period from January 14, 2019 to February 28, 2019 and relate to annual corporate services and reports of exempt distribution.

General exploration expenses were $93,105 for the year ended February 29, 2020 compared to $nil in general expenses recorded for the period from January 14, 2019 to February 28, 2019. General exploration expenses include mineral exploration costs incurred prior to staking a property and expenditures on data acquisition. The following is a breakdown of the Company's general exploration expenses for the periods ended February 29, 2020 and 2019.

	Year ended February 29, 2020 $	**Period from January 14, 2019 to February 28, 2019** $
Exploration expenditures	6,881	-
Data acquisition	86,224	-
	93,105	-

Investor communication expenses were $15,242 for the year ended February 29, 2020 compared to $1,601 in expenses incurred during the period from January 14, 2019 to February 28, 2019. The following is a breakdown of the material components of the Company's investor communication expenses for the periods ended February 29, 2020 and 2019.

	Year ended February 29, 2020 $	**Period from January 14, 2019 to February 28, 2019** $
Advertising	3,500	-
Promotional materials	3,597	1,601

Trade shows and conferences	4,845	-
Website	3,300	-
	15,242	1,601

Office expenses were $45,866 for the year ended February 29, 2020 compared to $162 in expenses recorded for the period from January 14, 2019 to February 28, 2019. The following is a breakdown of the Company's office expenses for the periods ended February 29, 2020 and 2019.

	Year ended February 29, 2020 $	**Period from January 14, 2019 to February 28, 2019 $**
Bank charges and interest	2,621	62
Charitable contributions	2,635	-
Information technology	916	-
Insurance	785	-
Meals and entertainment	6,475	-
Office supplies and expenses	13,616	100
Rent expense	18,181	-
Telephone	637	-
	45,866	162

Travel expenses were $15,506 for the year ended February 29, 2020 compared to $nil in expenses recorded for the period from January 14, 2019 to February 28, 2019.

3.2 Total other income and expenses for the year ended February 29, 2020

Finance income was $997 for the year ended February 29, 2020 compared to $nil recorded for the period from January 14, 2019 to February 28, 2019 and consists of cashback rewards on the Company's credit card.

Foreign exchange gain of $9,280 was recorded during the year ended February 29, 2020 compared to a gain of $nil recorded in the period from January 14, 2019 to February 28, 2019. Foreign exchange gains and losses arise from transactions denominated in U.S. dollars, the functional currency of the Company's subsidiary.

Impairment of exploration and evaluation assets of $80,251 were recorded during the year ended February 29, 2020. The Company abandoned certain mineral claims and accordingly acquisition costs of $8,000 for Flint, $7,408 for Matador and $14,223 for Opaline Gulch were written off. The Company also did not intend any additional work on the Kamma property and accordingly $50,620 in acquisition and exploration costs related to Kamma was written off at February 29, 2020.

Loss on disposal of equipment was $633 for the year ended February 29, 2020.

3.3 Total expenses for the three months ended February 29, 2020

Total expenses for the three months ended February 29, 2020 were $85,687 compared to total expenses of $4,898 for the period from January 14, 2019 to February 28, 2019.

Accounting and audit fees were $27,649 for the three months ended February 29, 2020 compared to $1,500 in expenses recorded in the period from January 14, 2019 to February 28, 2019. Accounting fees were paid for accounting and bookkeeping services, including $4,000 paid to a company controlled by the former CFO during the three months ended February 29, 2020. Included in audit fees is a provision of $18,000 for preparation of the Company's 2020 and 2019 financial year end audits. The following is a breakdown of accounting and audit fees for the periods ended February 29, 2020 and 2019.

	Three months ended February 29, 2020 **$**	**Period from January 14, 2019 to February 28, 2019** **$**
Accounting fees	4,605	-
Audit and tax return preparation	23,044	1,500
	27,649	1,500

Employee costs were $16,343 for the three months ended February 29, 2020 compared to $nil in employee costs recorded in the period from January 14, 2019 to February 28, 2019. Employee costs consist of consulting fees, management fees, and salaries and benefits. The following is a breakdown of material components of the Company's employee costs for the periods ended February 29, 2020 and 2019.

	Three months ended February 29, 2020 **$**	**Period from January 14, 2019 to February 28, 2019** **$**
Consulting fees	10,070	-
Management fees	4,703	-
Salaries and benefits	1,570	-
	16,343	-

Consulting fees of $10,070 for the three months ended February 29, 2020 consist of $5,000 for strategic consulting fees, $2,070 for market advisory services and $3,000 for administrative services (see Section 12 "Transactions with Related Parties" below).

Management fees of $4,703 for the three months ended February 29, 2020 were paid to the President and Corporate Secretary of the Company.

Salaries and benefits of $1,570 for the three months ended February 29, 2020 consist of salaries and group health benefits paid to the Chairman, Corporate Secretary and an administrative assistant.

Legal fees were $1,766 for the three months ended February 29, 2020 compared to $1,283 in legal fees recorded for the period from January 14, 2019 to February 28, 2019 and relate to general corporate matters.

Filing fees were $253 for the three months ended February 29, 2020 compared to $352 in filing fees recorded for the period from January 14, 2019 to February 28, 2019 and relate to annual corporate services and reports of exempt distribution.

General exploration expenses were $7,524 for the three months ended February 29, 2020 compared to $nil in general expenses recorded for the period from January 14, 2019 to February 28, 2019. General exploration expenses consist of mineral exploration costs incurred prior to staking a property and expenditures on data acquisition. The following is a breakdown of the Company's general exploration expenses for the periods ended February 29, 2020 and 2019.

	Three months ended February 29, 2020	**Period from January 14, 2019 to February 28, 2019**
	$	**$**
Exploration expenditures	1,680	-
Data acquisition	5,844	-
	7,524	-

Investor communication expenses were $8,468 for the three months ended February 29, 2020 compared to $1,601 in expenses incurred during the period from January 14, 2019 to February 28, 2019. The following is a breakdown of the material components of the Company's investor communication expenses for the periods ended February 29, 2020 and 2019.

	Three months ended February 29, 2020	**Period from January 14, 2019 to February 28, 2019**
	$	**$**
Promotional materials	709	1,601
Trade shows and conferences	4,759	-
Website	3,000	-
	8,468	1,601

Office expenses were $16,934 for the three months ended February 29, 2020 compared to $162 in expenses recorded for the period from January 14, 2019 to February 28, 2019. The following is a breakdown of the Company's office expenses for the periods ended February 29, 2020 and 2019.

	Three months ended February 29, 2020	**Period from January 14, 2019 to February 28, 2019**
	$	**$**
Bank charges and interest	1,018	62
Charitable contributions	2,635	-
Information technology	303	-
Meals and entertainment	2,320	-
Office supplies and expenses	2,366	100
Rent expense	8,028	-
Telephone	264	
	16,934	162

Travel expenses were $6,750 for the three months ended February 29, 2020 compared to $nil in expenses recorded for the period from January 14, 2019 to February 28, 2019.

3.4 Total other income and expenses for the three months ended February 29, 2020

Finance income was $997 for the three months ended February 29, 2020 compared to $nil recorded for the period from January 14, 2019 to February 28, 2019 and consists of cashback rewards on the Company's credit card.

Foreign exchange gain of $9,811 was recorded during the three months ended February 29, 2020 compared to a gain of $nil recorded in the period from January 14, 2019 to February 28, 2019. Foreign exchange gains and losses arise from transactions denominated in U.S. dollars, the functional currency of the Company's subsidiary.

Impairment of exploration and evaluation assets of $50,508 recorded during the three months ended February 29, 2020 relates to acquisition and exploration expenditures on the Kamma property, which was written off because the Company does not intend any additional work on the property.

4. CASH FLOWS

The Company is still in the exploration and development stage and as such does not earn any significant revenue. Total cash used in operating activities was $243,292 for the year ended February 29, 2020 compared to cash provided of $1,275 during the 2019 comparative period. The Company incurred a net loss of $415,120 with adjustments to add back items not involving cash (foreign exchange, impairment of exploration and evaluation assets, loss on disposal of equipment and share-based payments) and adjustments for non-cash working capital items (amounts receivable, prepaid expenses, trade and other payables and restricted cash) to calculate the cash used in operating activities.

Total cash flows used in investing activities was $492,113 during the year ended February 29, 2020 and consist of expenditures on exploration and evaluation assets and the purchase of a GIC as security against a company credit card. Cash flows used in investing activities for the 2019 comparative period was $1,337 for the acquisition of CP Holdings Corporation.

Total cash flows provided by financing activities was $1,055,026 during the year ended February 29, 2020 and consist of $1,000,026 in proceeds from share issuances and $55,000 in share subscriptions received for a private placement that closed subsequent to year end. Cash flows provided by financing activities was $43,750 in proceeds of share issuances during the period ended February 28, 2019.

5. SELECTED ANNUAL INFORMATION

The table below presents selected financial data for the Company's annual financial statements for each of the two most recently completed financial periods. The financial data provided is prepared in accordance with IFRS and is presented in Canadian dollars.

	February 29, 2020 $	February 28, 2019 $
Total revenue	-	-
Net loss for the period	(415,120)	(4,898)
Comprehensive loss for the period	(420,438)	(4,898)
Loss per share, basic and diluted	(0.02)	(0.01)

Total assets	1,081,303	335,256
Total long term liabilities	-	-
Cash dividend declared per share	-	-

Various factors contribute to the period to period variations in financial position and financial performance. The Company was incorporated on January 14, 2019 so accordingly the first financial period from January 14, 2019 to February 28, 2019 consisted of only 45 days. Net loss of $4,898 recorded during the period ended February 28, 2019 relate to ordinary operating expenses.

During the Company's first full financial year ended February 29, 2020, the Company realized a net loss of $415,120. Included in the loss is $93,105 in general exploration expenditures that consisted of mineral exploration costs incurred prior to staking a property and expenditures on data acquisition and development of proprietary target generation software that are recorded through the statement of profit and loss. The Company also recorded $72,449 in share-based payments expense for the grant of 1,200,000 stock options to directors and officers of the Company. Impairment expenses of $80,251 were recorded on the Flint, Matador, Opaline Gulch and Kamma properties.

Comprehensive loss of $420,438 recorded during the year ended February 29, 2020 includes cumulative translation adjustment of $5,318 (2019 - $nil).

Total assets were $1,081,303 at February 29, 2020 compared to total assets of $335,256 at February 28, 2019. During the 2019 financial period, the Company acquired its wholly-owned subsidiary, CP Holdings Corporation, from OCP Holdings Ltd. for consideration of $1,337 and 8,500,000 common shares with a fair value of $212,500. The Company additionally raised gross proceeds of $256,250 from private placements during 2019.

During the 2020 financial year, the Company raised gross proceeds of $1,000,026 from private placements and received an additional $55,000 in share subscriptions for a private placement that closed subsequent to year end. The Company's mineral property acquisition and exploration activities during the year contributed to the $708,853 in exploration and evaluation assets at February 29, 2020.

6. MAJOR OPERATING MILESTONES

6.1 Period from January 14, 2019 to February 28, 2019

On January 14, 2019, the Company was incorporated under the *Business Corporations Act* (British Columbia) and issued 2 common shares. Alistair Waddell was appointed as Chair and a director of the Company.

On February 11, 2019, the Company issued 8,750,000 common shares at a price of $0.005 per share for gross proceeds of $43,750.

On February 28, 2019, the Company entered into a Share Purchase Agreement (the "Purchase Agreement") with Ore Capital Partners Ltd. ("OCP") to purchase all of the issued and outstanding shares of CP Holdings Corporation ("CP") held by OCP. Pursuant to the Purchase Agreement, the purchase price of CP is $1,337 cash and 8,500,000 shares of the Company. The Company closed and completed the acquisition of CP on February 28, 2019. The Company determined that CP did not meet the definition of a business found in IFRS 3 Business Combinations. As the purchase of CP did not qualify as a business acquisition, the Company accounted for the transaction as an asset acquisition. As the fair value of the purchase price consideration paid was more reliably measurable than the assets acquired, the cost of the non-cash assets received was based on the fair value of the consideration given. The cost of the asset acquisition was allocated on a fair value basis to the net assets acquired. The Company allocated the cost of the assets as follows:

Purchase price	
	$
Cash	1,337
Common shares issued	212,500
Liabilities assumed	77,731
Total purchase price	291,568
Fair value of assets acquired	
Equipment	623
Mineral properties	290,945
Total assets acquired	291,568

CP's mineral property assets included Flint, Matador and Opaline Gulch in Idaho and Como and Kamma in Nevada.

6.2 Period from March 1, 2019 to February 29, 2020

On May 16, 2019, Caleb Stroup was appointed as President, Chief Geologist and a director of the Company. Tero Kosonen was appointed as a director and Sandra Wong was appointed as Corporate Secretary.

In May 2019, the Company staked the Bob Creek and Danny Boy properties in Nevada.

On June 3, 2019, the Company issued 3,265,000 common shares at a price of $0.075 per share for gross proceeds of $244,875.

On July 24, 2019, the Company assembled an accomplished team of geologists and explorationists to serve on the Company's technical advisory board: Dr. Richard Jemielita, Dr. Russell Myers and John Young.

On July 24, 2019, the Company granted 1,500,000 stock options exercisable at $0.10 per share to directors, an officer and consultants of the Company.

On September 1, 2019, Alistair Waddell was appointed as Chief Executive Officer of the Company.

On September 1, 2019, the Company granted 100,000 stock options exercisable at $0.10 per share to a consultant of the Company.

On September 16, 2019, the Company issued 3,635,000 common shares at a price of $0.075 per share for gross proceeds of $272,625.

On September 18, 2019, the Company issued 200,000 common shares at a price of $0.075 per share for gross proceeds of $15,000.

On September 19, 2019, the Company issued 300,000 common shares at a deemed price of $0.075 per share to settle $22,500 in liabilities owing to OCP.

In September 2019, the Company staked the Agate Point, Dome Hill, Long Valley and Ziggurat properties in Nevada.

In October 2019, the Company staked the Keg property in Utah.

In November 2019, the Company staked the Katey and Mahogany properties in Oregon.

On February 7, 2020, Jerry Huang was appointed as Chief Financial Officer of the Company.

On February 7, 2020, the Company issued 3,116,840 common shares at a price of $0.15 per share for gross proceeds of $467,526.

6.3 Period from March 1, 2020 to the date of this Report

On March 6, 2020, the Company issued 2,2291,664 common shares at a price of $0.15 per share for gross proceeds of $343,750. The Company paid finder's fees of $13,500 to a registered representative on $225,000.

On June 18, 2020, the Company issued 100,000 common shares at a price of $0.15 per share for gross proceeds of $15,000.

On July 27, 2020, Wendell Zerb was appointed as a director of the Company.

In July 2020, the Company staked the Castle Ridge property in Nevada.

On August 12, 2020, the Company granted 1,400,000 stock options exercisable at $0.20 per share to directors, officers and a consultant of the Company. The options will vest over a six month period.

On September 28, 2020, the Company issued 7,580,000 common shares at a price of $0.22 per share for gross proceeds of $1,667,600. The Company paid finder's fees of $38,648 to registered representatives on $772,970.

In September 2020, the Company staked the Hot Tub and Birch Creek properties in Oregon and portions of the Crane Creek property in Idaho.

On October 1, 2020, the Company acquired 100% interest, subject to a 1% net smelter returns royalty which the Company may purchase for US $1,000,000 at any time, in certain unpatented mining claims and State Mineral Lease E500007 located in Idaho known as "Crane Creek" for consideration of US $60,000 and 200,000 common shares at a deemed price of $0.22 per share for fair value of $44,000. State Mineral Lease E500007 expired on February 28, 2021 and the Company is in the process of pursuing a fresh lease with the State.

On October 1, 2020, the Company entered into agreements to grant NQ Holdings Inc. ("NQ", a non-arm's length company related by reason of certain common directors) the exclusive right and option to acquire 100% interests in four non-core mineral properties: (i) Bob Creek for US $55,000 of which US $2,750 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $52,250 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021); (ii) Danny Boy for US $$15,000 of which US $1,250 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $13,750 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021); (iii) Ziggurat for US $35,000 of which US $2,000 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $33,000 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021); and (iv) Keg for US $45,000 of which US $2,500 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $42,500 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021).

On October 28, 2020 (the "Effective Date"), the Company entered into a mining lease agreement to lease certain fee lands in Washington County, Idaho for a twenty year term that may be extended by ten year increments, for consideration of US $5,000 payable upon execution of the agreement and subsequent payments of US $3,250 on each anniversary of the Effective Date. The property is subject to a net smelter returns royalty of 2%, of which the first 1% may be purchased for US $1,000,000 at any time and the second 1% may be purchased for US $2,000,000 at any time.

On November 1, 2020, Graeme Currie was appointed as a director of the Company.

On November 1, 2020, Randy Vance was engaged as Exploration Manager of the Company.

On November 5, 2020, the Company entered into an agreement to sell 100% interest in the Como property to Eclipse Gold Mining Corporation ("Eclipse", a public company trading on the TSXV Venture Exchange ("TSXV")) for consideration of US $100,000 and 500,000 common shares of Eclipse with a fair value of $310,000, subject to a net smelter returns royalty retained by the Company of 1.25% to 2.5% on certain of the claims. This transaction closed on November 24, 2020.

On November 24, 2020, the Company granted 735,000 stock options exercisable at $0.22 per share to directors, an officer, consultants and an employee of the Company. The options will vest over a six month period.

On December 3, 2020, the Company entered into an agreement to sell 100% interest in the Flint property to Huntsman Exploration Inc. ("Huntsman", a public company trading on the TSXV) for consideration of US $100,000 and 8,450,000 common shares of Huntsman with a fair value of $2,070,250, subject to a 2% net smelter returns royalty retained by the Company. This transaction closed on December 21, 2020.

On January 4, 2021, Sandra Wong was appointed as Chief Financial Officer of the Company.

On February 11, 2021, the Company raised gross proceeds of $4,070,224 by way of a non-brokered private placement of 11,629,212 subscription receipts (each, a "Subscription Receipt") priced at $0.35. Each Subscription Receipt entitles the holder to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Subscription Receipt Certificate. The conversion of the Subscription Receipts to Common Shares is anticipated to occur on the completion of certain conditions, specifically (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the Canadian Securities Exchange (the "CSE") that the Company has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts. The gross proceeds from the sale of the Subscription Receipts were deposited in escrow and are held by the Company in a separate interest-bearing account, with such Escrowed Funds not to be released until the satisfaction of the Escrow Release Conditions at which time the Escrowed Funds together with interest earned thereon will be accessible by the Company. The

Company will use the Escrowed Funds for exploration and development expenditures, investor relations, general and administrative and other costs and for general working capital purposes.

On March 1, 2021, Caleb Stroup was appointed as Chief Executive Officer of the Company and Alistair Waddell was appointed the Executive Chair.

7. EXPLORATION AND EVALUATION ACTIVITIES

7.1 Activities for the Year Ended February 29, 2020

The Company is in the mineral exploration stage and as such has no revenues. Mineral interests in the form of exploration and acquisition costs totalled $708,853 as at February 29, 2020 (2019 - $290,945). Total costs incurred on exploration and evaluation assets are summarized as follows:

	Idaho $	Nevada $	Oregon $	Utah $	Total $
Acquisition costs					
Balance, January 14, 2019	-	-	-	-	-
Additions	224,557	4,773	-	-	229,330
Balance, February 28, 2019	224,557	4,773	-	-	229,330
Additions	35,146	143,153	69,262	32,763	280,324
Impairment	(29,631)	(20,196)	-	-	(49,827)
Foreign exchange	2,378	1,978	1,286	591	6,233
Balance, February 29, 2020	232,450	129,708	70,548	33,354	466,060
Exploration costs					
Balance, January 14, 2019	-	-	-	-	-
Additions	60,333	1,282	-	-	61,615
Balance, February 28, 2019	60,333	1,282	-	-	61,615
Additions					
Administration	28,739	24,417	2,474	-	55,630
Geology	28,582	53,942	21,394	990	104,908
Mapping and sampling	605	9,625	11,725	-	21,955
Technical review	9,278	12,969	2,513	517	25,277
	67,204	100,953	38,106	1,507	207,770
Impairment	-	(30,282)	-	-	(30,282)
Foreign exchange	2,092	903	669	26	3,690
Balance, February 29, 2020	129,629	72,856	38,775	1,533	242,793
Total acquisition costs and exploration expenditures					
February 28, 2019	284,890	6,055	-	-	290,945
February 29, 2020	362,079	202,564	109,323	34,887	708,853

7.2 Katey and Mahogany (Malheur County, Oregon)

The Company owns a 100% interest in the Katey and Mahogany properties, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $69,262 in acquisition costs and $38,106 in exploration costs on the Properties (2019 - $nil). As at February 29, 2020, total acquisition and exploration expenditures recorded on Katey and Mahogany were $109,323 (2019 - $nil). Katey and Mahogany are the Company's principal properties.

The Katey and Mahogany Properties are located in Malheur County, Oregon, United States and are composed of 224 unpatented lode claims totaling 4551 acres in two separate blocks that are 30 km apart from each other. The Mahogany Property ("Mahogany") comprises 139 unpatented lode claims totaling 2795 acres, centered at 43.26° Latitude and -117.04° Longitude. The Katey Property ("Katey") is 85 unpatented lode claims totaling 1,756 acres, centered at 43.42° Latitude and -117.16° Longitude. The 224 unpatented lode claims are registered to CP Holdings Corp., a wholly owned United States subsidiary of Headwater Gold Inc.

Gold mineralization on the Properties is interpreted to be related to hot spring-type low sulphidation epithermal systems of Miocene age. Alteration, mineralization, and geochemical anomalies are associated with high-angle extensional faults. The presence of sinter and other high-level alteration features indicate that the uppermost parts of the mineralizing system are partially preserved.

Gold mineralization on the Properties is associated with regional mid-Miocene bimodal volcanism and rifting within the northern Basin and Range Province. The Properties are situated near a major lithospheric domain boundary that marks the western margin of the North American craton to the east and accreted oceanic terranes to the west. Pre-Cenozoic basement rocks are entirely concealed by a thick sequence of mid-Tertiary and younger volcanic and sedimentary rocks.

The geology of the Katey Property is characterized by Miocene ash flow tuffs, tuffaceous and clastic sediments, and rhyolitic volcanics. The highest gold values occur in two separate areas of the property, referred respectively as the West and East Zones. The West Zone is characterized by hydrothermal veins and vent breccias crosscutting both clastic and tuffaceous sediments and ash flow tuffs. Mineralization in the East Zone is associated with chalcedonic stockwork veins and breccias that crosscut rhyolitic intrusions. Surface channel samples outlined mineralization in both zones where historical gold values averaged 0.02 - 0.03 opt, over 30 m. Additional areas of significant alteration at Katey includes zone of silicification and silica-pyrite veining in sediments and rhyolite intrusions (South Zone); and a broad zone of chalcedonic veining and argillic alteration within ash flow tuff (West Canyon Zone).

Rock chip sampling by Headwater geologists confirmed gold mineralization in hydrothermal vent breccias on the Mahogany Property, and in chalcedonic stockwork veins and breccias on the Katey Property. Headwater geologists have also followed alteration along strike of a major high-angle fault at Mahogany, referred to as the Main Ridge Fault, and encountered gold mineralization in silicified and brecciated tuffaceous sandstone (rock samples: RX512448 with 23 ppm Au, RX984619 with 25.1 ppm Au, and RX984620 Float with 55.2 ppm Au).

The Company undertook an exploration program on the Katey and Mahogany Properties from September 5, 2019 to October 18, 2020, consisting of soil sampling, stream sediment sampling, rock sampling, 1:5,000 scale bedrock and alteration mapping, and drone-based magnetic surveys. The program resulted in the collection of 721 soil samples, 24 stream sediment samples, 129 rock samples and 448 line-kilometres of drone magnetics (of which, 172.8 line-kilometres are on the Properties).

Preliminary interpretation of the drone magnetic survey at Mahogany has highlighted strong horizontal gradients across the southern extension of the Main Ridge Fault, and a broad magnetic low across the area of most intense argillic alteration and silicification (Wright, 2020a). Numerous magnetic lows peripheral to the Main Ridge Fault at Mahogany represent potential drill targets under thin alluvial cover.

Drone magnetics from the Katey property shows two strongly contrasting magnetic domains separated by north-northwest-striking structures that underlie the East Zone target area, consistent with the interpretation that Katey lies at the margin of a Miocene caldera. The western half of the property is covered by a non-magnetic domain, consisting of intra-caldera tuffs and tuffaceous sediments. The eastern domain is characterized by strong magnetic response from flat-lying lavas that lie outboard of the interpreted caldera margin.

A NI 43-101 technical report on the Katey and Mahogany Properties dated December 27, 2020 was prepared by Derrick Strickland, P.Geo. (the "Author"). The Author recommended that for continuing evaluation of the Properties, the Company should test the presence of bonanza-type vein targets at depths of 300 m down-dip of mineralized faults identified by mapping and sampling programs completed in the fall of 2020. A drilling exploration program is warranted on the Properties that would consist of 3,000 metres of drilling on each of the Mahogany and Katey Properties. Phase one is expected to cost 2,262,000 USD.

The scientific and technical information contained in the above text has been reviewed and approved by Derrick Strickland, P.Geo., a "Qualified Person" ("QP") as defined in National Instrument 43- 101 – Standards of Disclosure for Mineral Projects.

7.3 Matador (Owyhee County, Idaho)

The Company owns a 100% interest in the Matador property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $10,842 in acquisition costs and $21,800 in exploration costs on the Matador property. The Company had elected not to maintain certain of the claims and accordingly $7,408 in acquisition costs were written off during the year ended February 29, 2020. As at February 29, 2020, total acquisition and exploration expenditures recorded on Matador were $101,630 (2019 - $75,113).

7.4 Opaline Gulch (Owyhee County, Idaho)

The Company owns a 100% interest in the Opaline Gulch property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $10,327 in acquisition costs and $23,201 in exploration costs on the Opaline Gulch property. The Company had elected not to maintain certain of the claims and accordingly $14,223 in acquisition costs were written off during the year ended February 29, 2020. As at February 29, 2020, total acquisition and exploration expenditures recorded on Opaline Gulch were $119,331 (2019 - $98,539).

7.5 Flint (Owyhee County, Idaho)

The Company owned a 100% interest in the Flint property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $13,977 in acquisition costs and $22,203 in exploration costs on the Flint property. The Company had elected not to maintain certain of the claims and accordingly $8,000 in acquisition costs were written off during the year ended February 29,

2020. As at February 29, 2020, total acquisition and exploration expenditures recorded on Flint were $141,118 (2019 - $111,238).

Subsequent to year end, pursuant to an agreement dated December 3, 2020, the Company has sold 100% interest in the Flint property to Huntsman Exploration Inc. ("Huntsman", a public company trading on the TSXV) for consideration of US $100,000 and 8,450,000 common shares of Huntsman with a fair value of $2,070,250, subject to a 2% net smelter returns royalty retained by the Company. This transaction closed on December 21, 2020.

7.6 Agate Point (Humboldt County, Nevada)

The Company owns a 100% interest in the Agate Point property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $10,602 in acquisition costs and $10,477 in exploration costs on the Agate Point property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Agate Point were $21,424 (2019 - $nil).

7.7 Long Valley (Mineral County, Nevada)

The Company owns a 100% interest in the Long Valley property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $16,131 in acquisition costs and $15,354 in exploration costs on the Long Valley property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Long Valley were $32,017 (2019 - $nil).

7.8 Como (Lyon County, Nevada)

The Company owned a 100% interest in the Como property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $24,429 in acquisition costs and $25,606 in exploration costs on the Como property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Como were $54,602 (2019 - $3,838).

Subsequent to year end, pursuant to an agreement dated November 5, 2020, the Company has sold 100% interest in the Como property to Eclipse Gold Mining Corporation for consideration of US $100,000 and 500,000 common shares of Eclipse with a fair value of $310,000, subject to a net smelter returns royalty retained by the Company of 1.25% to 2.5% on certain of the claims. This transaction closed on November 24, 2020.

7.9 Dome Hill (Mineral County, Nevada and Mono County, California)

The Company owns a 100% interest in the Dome Hill property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $14,209 in acquisition costs and $7,921 in exploration costs on the Dome Hill property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Dome Hill were $22,527 (2019 - $nil).

7.10 Bob Creek (Eureka County, Nevada)

The Company owns a 100% interest in the Bob Creek property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $23,173 in acquisition costs and $7,483 in exploration costs on the Bob Creek property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Bob Creek were $31,234 (2019 - $nil).

Subsequent to year end, pursuant to an agreement dated October 1, 2020, the Company has granted NQ Holdings Inc. the exclusive right and option to acquire 100% interest in the Bob Creek property for consideration of US $55,000 of which US $2,750 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $52,250 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Bob Creek, subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

7.11 Danny Boy (Elko County, Nevada)

The Company owns a 100% interest in the Danny Boy property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $7,272 in acquisition costs and $2,447 in exploration costs on the Danny Boy property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Danny Boy were $9,898 (2019 - $nil).

Subsequent to year end, pursuant to an agreement dated October 1, 2020, the Company has granted NQ the exclusive right and option to acquire 100% interest in the Danny Boy property for consideration of US $15,000 of which US $1,250 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $13,750 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Danny Boy, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

7.12 Ziggurat (Nye County, Nevada)

The Company owns a 100% interest in the Ziggurat property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $29,166 in acquisition costs and $1,217 in exploration costs on the Ziggurat property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Ziggurat were $30,862 (2019 - $nil).

Subsequent to year end, pursuant to an agreement dated October 1, 2020, the Company has granted NQ the exclusive right and option to acquire 100% interest in the Ziggurat property for consideration of US $35,000 of which US $2,000 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $33,000 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Ziggurat, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

7.13 Kamma (Pershing County, Nevada)

Kamma is comprised of 14 mineral claims totalling approximately 117 hectares located in Pershing County, Nevada. The Company does not plan any further exploration on the Kamma property and accordingly all exploration and acquisition costs related to the Kamma property were written off at February 29, 2020.

7.14 Keg (Juab County, Utah)

The Company owns a 100% interest in the Keg property, which it acquired by way of staking federal land. During the year ended February 29, 2020, the Company expended $32,763 in acquisition costs and $1,507 in exploration costs on the Keg property. As at February 29, 2020, total acquisition and exploration expenditures recorded on Keg were $34,887 (2019 - $nil).

Subsequent to year end, pursuant to an agreement dated October 1, 2020, the Company has granted NQ the exclusive right and option to acquire 100% interest in the Keg property for consideration of US $45,000 of which US $2,500 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $42,500 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Keg, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

8. SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the Company's five most recently completed fiscal quarters as presented in the unaudited condensed interim consolidated financial statements. The financial data provided is prepared in accordance with IFRS and is presented in Canadian dollars.

	Q4 Feb 29, 2020 $	Q3 Nov 30, 2019 $	Q2 Aug 31, 2019 $	Q1 May 31, 2019 $
Total revenue	-	-	-	-
Net loss for the period	(125,387)	(62,348)	(184,047)	(43,338)
Comprehensive loss for the period	(129,610)	(62,483)	(182,005)	(46,340)
Net loss per share, basic and diluted	(0.005)	(0.003)	(0.009)	(0.003)

	Q4 Feb 28, 2019 $
Total revenue	-
Net loss for the period	(4,898)
Comprehensive loss for the period	(4,898)
Net loss per share, basic and diluted	(0.001)

8.1 Total Revenue

Because the Company is in the exploration stage, it did not earn any significant revenue.

8.2 Earnings (Loss) for the Period

The following table presents selected financial data for the Company's five most recently completed fiscal quarters as presented in the unaudited condensed interim consolidated financial statements that helps to explain significant contributions to the variance in losses across each period.

	Q4 Feb 29, 2020 $	Q3 Nov 30, 2019 $	Q2 Aug 31, 2019 $	Q1 May 31, 2019 $
Expenses				
Accounting and audit	27,649	2,060	2,278	2,115

Employee costs	16,343	18,510	93,308	5,765
Filing fees	253	-	1,266	-
General exploration	7,524	25,581	23,551	36,449
Investor communication	8,468	6,606	168	-
Legal	1,766	875	1,500	1,106
Office	16,934	16,033	9,049	3,850
Travel	6,750	2,309	6,075	372
Total expenses	(85,687)	(71,974)	(137,195)	(49,657)
Other items				
Finance income	997	-	-	-
Foreign exchange	9,811	9,626	(17,109)	6,952
Impairment	(50,508)	-	(29,743)	-
Disposal of equipment	-	-	-	(633)
	(39,700)	9,626	(46,852)	6,319
Net loss for the period	(125,387)	(62,348)	(184,047)	(43,338)

	Q4 Feb 28, 2019 $
Expenses	
Accounting and audit	1,500
Employee costs	-
Filing fees	352
General exploration	-
Investor communication	1,601
Legal	1,283
Office	162
Travel	-
Total expenses	(4,898)
Other items	
Finance income	-
Foreign exchange	-
Impairment	-
Disposal of equipment	-
	-
Net loss for the period	(4,898)

8.3 Total Expenses

The Company was incorporated on January 14, 2019 so the first financial period ended February 28, 2019 consisted only of 45 days. The Company acquired its wholly owned subsidiary on February 28, 2019 and accordingly the subsidiary's statements of comprehensive income (loss) were consolidated with the Company's accounts commencing March 1, 2019.

Accounting and audit fees were consistent across the first three quarters of 2020. The quarter ended February 29, 2020 includes a provision of $19,500 for preparation of the Company's 2020 and 2019 financial year end audits and income tax returns.

Employee costs consist of consulting fees, management fees, salaries and benefits and share-based payments expense. Employee costs for the quarter ended August 31, 2019 includes share-based payments expense of $72,449 for the grant of 1,200,000 stock options.

General exploration expenses largely consist of expenditures for data acquisition and development of target generation software. These expenditures tapered off during the fourth quarter ended February 29, 2020.

Investor communication expenses increased during the last two quarters of 2020 to reflect ongoing business development. The Company made expenditures on advertising, promotional materials, trade shows and conferences and website maintenance to communicate with its shareholders.

Legal fees are fairly consistent across the four quarters of 2020.

Office expenditures steadily increased across the quarters to support the Company's increased activities.

Travel expenses were a function of activity.

8.4 Other Income (Expenses)

Foreign exchange gains and losses arise from transactions denominated in U.S. dollars, the functional currency of the Company's subsidiary.

Impairment of $29,743 was recorded during the quarter ended August 31, 2019 for the abandonment of certain Flint, Matador and Opaline Gulch claims. Impairment of $50,508 was recorded during the quarter ended February 29, 2020 for the write-off of the Kamma property.

9. LIQUIDITY

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. Management has been successful in raising equity financing in the past. However, there is no assurance that it will be able to do so in the future.

Factors that could impact on the Company's liquidity are monitored regularly and include market changes, gold price changes, and economic upturns or downturns that affect the market price of the Company's securities for the purposes of raising financing. The current state of equity markets has been favourable towards raising financing and Management believes that this condition will continue over the next twelve months.

Cash at February 29, 2020 was $363,309 compared to cash of $43,688 at February 28, 2019. Restricted cash of $5,000 represents a term deposit held at a financial institution as collateral against the Company's credit card. Amounts and other receivable consists of GST input tax credits.

Current liabilities total $76,244 at February 29, 2020 compared to $83,904 at February 28, 2019. Current liabilities consist of trade payables, accrued liabilities, and amounts due to related parties including an unsecured, non-interest bearing demand loan of $4,029 (US $3,000).

Working capital surplus was $296,206 at February 29, 2020 compared to a deficit of $40,216 at February 28, 2019.

The Company has no debt or debt arrangements other than the loan referenced above.

Based on the financial condition at February 29, 2020, the Company can meet its financial obligations as they become payable in the current fiscal year but will need to raise additional equity financing in order to fund its planned exploration and evaluation activities.

Subsequent to year end, the Company raised gross proceeds of $2,026,350 through various common share private placements for cash and $4,070,224 through a subscription receipt financing as described in Section 6 "Major Operating Milestones" above. The Company believes that it has adequate working capital to carry out its planned exploration and evaluation activities in the current fiscal year.

10. CAPITAL RESOURCES

The Company does not have any commitments for capital expenditures. The Company does not have any capital resources in the form of debt, equity and any other financing arrangements.

11. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

12. TRANSACTIONS BETWEEN RELATED PARTIES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

12.1 Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	Year ended February 29, 2020 $	Period from January 14, 2019 to February 28, 2019 $
Short-term employee benefits and director fees	187,899	-
Share-based payments	72,449	-
	260,348	-

The Company has entered into an Officer and Consulting Agreement with Hunter Gold, LLC ("Hunter"), a company controlled by Caleb Stroup ("Stroup"), the President and a director, effective September 1, 2019 for no fixed term. As compensation for the services to be provided, Hunter will receive a monthly fee of US $10,000 with provisions for severance of twelve months of compensation in the event the Company terminates the Agreement by reason of a change of control. During the year ended February 29, 2020, the Company paid $159,063 (US $120,000) (2019: $nil) in fees to Hunter.

On March 1, 2021, Stroup was appointed Chief Executive Officer of the Company and the Company entered into a new Management Agreement with Hunter effective March 1, 2021 for no fixed term. As compensation for the services to be provided, Hunter will receive a monthly fee of US $13,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or Stroup resigns within 12 months following a change of control.

The Company has entered into a Consulting Services Agreement with Seymour Capital Corp. ("Seymour"), a company of which Jerry Huang, the former Chief Financial Officer, is an owner and director, dated January 6, 2020 for no fixed term. As compensation for the services to be provided, Seymour will receive a monthly fee of $4,000. During the year ended February 29, 2020, the Company recorded $4,000 (2019: $nil) in accounting services fees and $2,070 in advisory services payable to Seymour. Mr. Huang resigned as CFO on January 4, 2021.

During the year ended February 29, 2020, the Company recorded $15,000 (2019: $nil) in consulting fees payable to Waddell Consulting Inc. ("Waddell Consulting", a company controlled by Alistair Waddell ("Waddell"), the Chairman), and Waddell also received $1,297 (2019: $nil) in group health benefits.

On March 1, 2021, Waddell was appointed Executive Chairman of the Company and the Company entered into a Management Agreement with Waddell Consulting effective March 1, 2021 for no fixed term. As compensation for the services to be provided, Waddell Consulting will receive a monthly fee of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or Waddell resigns within 12 months following a change of control.

During the year ended February 29, 2020, the Company recorded $6,340 (2019: $nil) in salaries and fees payable to Sandra Wong ("Wong"), the Corporate Secretary, and Wong also received $128 (2019: $nil) in group health benefits.

On January 4, 2021, Wong was appointed the Chief Financial Officer of the Company and the Company entered into an Employment Agreement with Wong effective January 4, 2021 for no fixed term. As compensation for the services to be provided, Wong will receive a monthly salary of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or Wong resigns within 12 months following a change of control.

Subsequent to year end, effective March 1, 2021, the Company approved the payment of a director's fee of $1,000 per month to Graeme Currie and Wendell Zerb, directors of the Company, and $2,000 per month to Tero Kosonen ("Kosonen"), a director who serves as chair of the Audit Committee.

12.2 Services Agreement

The Company has entered into a Contract for Services with OCP, a significant shareholder with Tero Kosonen ("Kosonen") as a director, effective May 1, 2019 for an eight month term ending December 31, 2019. As compensation for the services provided, OCP received a monthly fee of $5,000. During the year ended February 29, 2020, the Company recorded $40,000 (2019: $nil) in consulting fees payable to OCP.

12.3 Debt Settlement

On September 19, 2020, the Company settled $22,500 in amounts owing to OCP through the issuance of 300,000 common shares at a price of $0.075 per share.

On June 26, 2019, the Company extended a non-interest bearing demand loan of $26,506 to an arm's length party, which receivable was guaranteed by OCP. On February 29, 2020, OCP took assignment of the receivable in return for the settlement of $26,250 in accrued fees owing to OCP.

12.4 Acquisition of CP Holdings Corporation

On February 28, 2019, the Company acquired CP Holdings Corporation from OCP for consideration of $1,337 cash and the issuance of 8,500,000 common shares priced at $0.025 for a fair value of $212,500.

12.5 Private Placements

On February 11, 2019, the Company issued 8,750,000 common shares at a price of $0.005 per share for gross proceeds of $43,750. OCP purchased 5,000,000 shares, Stroup purchased 2,500,000 shares and Waddell Consulting purchased 1,250,000 shares.

On June 3, 2019, the Company raised gross proceeds of $244,875 by way of a non-brokered private placement of 3,265,000 common shares priced at $0.075. Kosonen purchased 500,000 shares.

On September 16, 2019, the Company raised gross proceeds of $272,625 by way of a non-brokered private placement of 3,635,000 common shares priced at $0.075. Kosonen purchased 227,500 shares and Waddell Consulting purchased 227,500 shares.

On February 7, 2020, the Company raised gross proceeds of $467,526 by way of a non-brokered private placement of 3,116,840 common shares priced at $0.15. Kosonen purchased 200,000 shares and Waddell Consulting purchased 72,500 shares.

Subsequent to year end, on June 18, 2020, the Company raised gross proceeds of $15,000 by way of a non-brokered private placement of 100,000 common shares priced at $0.15. Wong purchased 100,000 shares.

Subsequent to year end, on September 28, 2020, the Company raised gross proceeds of $1,667,600 by way of a non-brokered private placement of 7,580,000 common shares priced at $0.22. Stroup purchased 50,000 shares, Waddell Consulting purchased 100,000 shares, and Wendell Zerb, a director, purchased 240,000 shares.

Subsequent to year end, on February 11, 2021, the Company raised gross proceeds of $4,070,224 by way of a non-brokered subscription receipt private placement of 11,629,212 subscription receipts priced at

$0.35. Graeme Currie, a director of the Company, purchased 100,000 receipts, Kosonen purchased 250,000 receipts, Stroup purchased 30,000 receipts, and Waddell Consulting purchased 30,000 receipts.

12.6 Property Option Agreement

Subsequent to year end, on October 1, 2020, the Company entered into agreements to grant NQ Holdings Inc. the exclusive right and option to acquire 100% interests in the Bob Creek, Danny Boy, Ziggurat and Keg properties as described under Section 6 "Major Operating Milestones" and Section 7 "Exploration and Evaluation Activities" above. NQ is a wholly-owned subsidiary of NewQuest Capital Inc., a private company with common directors of Kosonen, Stroup, Waddell and Zerb and common Chief Financial Officer and Corporate Secretary of Wong.

13. FOURTH QUARTER

N/A

14. PROPOSED TRANSACTIONS

The Company is engaged in the search for potential joint venture partners, mineral property acquisitions and financings, but there are currently no proposed asset or business acquisitions or dispositions. Other than disclosed in this Report, the Company does not have any proposed transactions.

15. COMMITMENTS, EXPECTED OR UNEXPECTED EVENTS, OR UNCERTAINTIES

Other than disclosed in this Report, the Company does not have any commitments, expected or unexpected events, or uncertainties.

16. SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

17. CHANGES IN ACCOUNTING POLICES INCLUDING INITIAL ADOPTION

A number of new or amended accounting standards were scheduled for mandatory adoption on or after March 1, 2020. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

18. KNOWN TRENDS, RISKS OR DEMANDS

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at February 29, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables. The Company has a working capital surplus of $296,206 as at February 29, 2020 and requires additional financing for operations and meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 12 of its consolidated financial statements. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's exploration property expenditures will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

19. DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

As at March 18, 2021, the Company has 37,938,506 common shares issued and outstanding.

As at March 18, 2021, the Company has 11,629,212 subscription receipts for common shares issued and outstanding.

As at March 18, 2021, the Company has 3,735,000 stock options outstanding.

20. BOARD OF DIRECTORS AND OFFICERS

The directors of the Company are Graeme Currie, Tero Kosonen, Caleb Stroup, Alistair Waddell and Wendell Zerb.

The officers of the Company are Alistair Waddell (Executive Chairman), Caleb Stroup (President and Chief Executive Officer) and Sandra Wong (Chief Financial Officer and Corporate Secretary).

21. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This Management's Discussion & Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and copper, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, risk relating to international operations, the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and copper; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; fluctuations in metal prices; as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis for the year ended February 29, 2020. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

22. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the consolidated financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and two of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

HEADWATER GOLD INC.

Caleb Stroup

President and Chief Executive Officer

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HEADWATER GOLD INC.

INTERIM MD&A – QUARTERLY HIGHLIGHTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2020

The following interim MD&A – Quarterly Highlights of the financial position of Headwater Gold Inc. ("the Company") and results of operations of the Company should be read in conjunction with the unaudited condensed interim consolidated financial statements including the notes thereto for the period ending November 30, 2020 and the audited financial statements for the year ending February 29, 2020.

The accompanying unaudited condensed interim consolidated financial statements and related notes are presented in accordance with International Financial Reporting Standards for interim financial statements and accordingly do not include all disclosures required for annual financial statements. These statements, together with the following interim MD&A – Quarterly Highlights dated **April 9, 2021** ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the interim MD&A – quarterly highlights may contain forward-looking statements.

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Economic and industry factors are substantially unchanged with respect to a comparison of the Company's interim financial condition to the financial condition as at the most recently completed financial year end.

1. CORE BUSINESS

Headwater Gold Inc. ("Headwater" or the "Company") was incorporated on January 14, 2019 under the laws of British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets in the United States. The address of the Company's corporate office and its principal place of business is Suite 1100 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has one wholly owned subsidiary: CP Holdings Corporation. The accounts of the subsidiary are consolidated with the Company.

The Company is focused on high-grade precious metal exploration in the mining-friendly western United States. The Company uses a proprietary target generation software combined with extensive local knowledge to generate new projects. Through its wholly owned subsidiary, CP Holdings Corporation, the Company has acquired a 100% interest, royalty free, in a portfolio of mineral projects in Idaho, Nevada, Oregon and Utah that it has staked on federal land. The Company has acquired additional mineral projects through third party agreements.

The Company's principal projects are the 100% owned **Katey** and **Mahogany** properties located in Malheur County, Oregon, United States (the "Properties"). The Properties are composed of 224 unpatented lode claims totalling 1,842 hectares (4,551 acres) in two separate blocks that are 30 km apart from each other. See Section 7.1 "Exploration and Evaluation Activities" below for a description of the Properties and the work program that has been undertaken to date.

As at November 30, 2020, the Company's other mineral resource properties include the following:

- Idaho – **Matador** (Owyhee County), **Opaline Gulch** (Owyhee County), **Crane Creek** (Washington County) and **Flint** (sold in December 2020);

- Nevada – **Agate Point** (Humboldt County), **Castle Ridge** (Elko County), **Dome Hill** (Mineral County, NV and Mono County, CA), **Long Valley** (Mineral County), and the following properties that were sold in February 2021: **Bob Creek**, **Danny Boy** and **Ziggurat**; and

- Utah – **Keg** (sold in February 2021).

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company.

2. FINANCIAL CONDITION

As at November 30, 2020, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a loss of $93,955 for the nine months ended November 30, 2020 and, as of that date, the Company had an accumulated deficit of $513,973, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company had a working capital surplus of $1,409,072 at November 30, 2020 (February 29, 2020: $296,206).

Cash was $1,279,803 at November 30, 2020 (February 29, 2020: $363,309). Restricted cash was $5,025 at November 30, 2020 (February 29, 2020: $5,000) and consists of a term deposit held at a financial institution as security against a company credit card. The Company's sources and uses of cash are discussed in Section 4 "Cash Flows" below.

Amounts and other receivable of $4,848 at November 30, 2020 (February 29, 2020: $1,294) consist of GST input tax credits.

Prepaid expenses of $3,752 at November 30, 2020 (February 29, 2020: $2,847) relate to ordinary operating expenses.

Exploration and evaluation assets of $1,568,965 at November 30, 2020 (February 29, 2020: $708,853) consist of acquisition and exploration expenditures on the Company's mineral properties and are discussed in Section 7 "Exploration and Evaluation Activities" below.

Trade and other payables were $203,656 at November 30, 2020 (February 29, 2020: $76,244). Trade and other payables are unsecured and are usually paid within 30 days of recognition. Included in trade and other payables is $32,330 (February 29, 2020: $33,659) due to related parties which consists of amounts owed to directors, officers and significant shareholders for salaries, fees, advances and expense reimbursements.

3. FINANCIAL PERFORMANCE

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States.

Because the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a private company of its size. Net loss for the nine months ended November 30, 2020 was $93,955 and comprehensive loss after cumulative translation adjustment was $89,810 or $0.00 per share, compared to a net loss of $289,733 and comprehensive loss of $290,828 for the nine months ended November 30, 2019 or $0.01 per share. Net income for the three months ended November 30, 2020 was $127,332 and comprehensive income after cumulative translation adjustment was $117,354 or $0.00 per share, compared to a net loss of $62,348 and comprehensive loss of $62,483 for three months ended November 30, 2019 or $0.00 per share.

3.1 Total expenses for the nine months ended November 30, 2020

Total expenses for the nine months ended November 30, 2020 were $354,681 compared to total expenses of $258,826 for the nine months ended November 30, 2019.

Accounting and audit fees were $45,000 for the nine months ended November 30, 2020 compared to $6,453 in expenses recorded in the 2019 comparative period. During the nine months ended November 30, 2020, accounting fees of $36,000 were charged by a company controlled by the former CFO and $9,000 was recorded for audit related services. During the nine months ended November 30, 2019, $6,453 was paid for book-keeping services.

Employee costs were $160,400 for the nine months ended November 30, 2020 compared to $117,583 in employee costs recorded in the 2019 comparative period. Employee costs consist of consulting fees, management fees, salaries and benefits and share-based payments. The following is a breakdown of material components of the Company's employee costs for the nine months ended November 30, 2020 and 2019.

	Nine months ended November 30, 2020 $	Nine months ended November 30, 2019 $
Consulting fees	14,849	38,000
Management fees	43,306	2,699
Salaries and benefits	10,923	4,435
Share-based payments	91,322	72,449
	160,400	117,583

Consulting fees were $14,849 for the nine months ended November 30, 2020 compared to $38,000 recorded in the 2019 comparative period. During the current period, $7,500 was paid for business consulting fees, $3,524 for a property valuation report and $3,825 for administrative services. During the 2019 comparative period, $35,000 was paid for strategic consulting fees and $3,000 was paid for administrative services (see Section 12 "Transactions with Related Parties" below).

Management fees of $43,306 for the nine months ended November 30, 2020 were paid to the President and Exploration Manager of the Company. Management fees of $2,699 for the 2019 comparative period were paid to the President and Corporate Secretary. The President is paid a salary of US $10,000 per month which is allocated to management fees for corporate development work and to deferred exploration for geological work.

Salaries and benefits of $10,923 for the nine months ended November 30, 2020 consist of salaries and group health benefits paid to the Chairman, Corporate Secretary and two employees. Salaries and benefits of $4,435 for the 2019 comparative period were paid to the Chairman and Corporate Secretary.

Share-based payments of $91,322 for the nine months ended November 30, 2020 represent the fair value of 1,780,000 stock options granted to directors, officers and an employee of the Company. A further 355,000 stock options were granted to the Company's Exploration Manager and a geological consultant. The $8,265 fair value of these options were capitalized to mineral properties.

Legal fees were $7,539 for the nine months ended November 30, 2020 compared to $3,481 in legal fees recorded for the 2019 comparative period and relate to general corporate matters, Form D filings, the Company's listing application, a property option agreement and annual corporate services.

Filing fees were $5,712 for the nine months ended November 30, 2020 compared to $1,266 in filing fees recorded for the 2019 comparative period and relate to reports of exempt distribution, Form D filings and annual corporate filings.

General exploration expenses were $42,433 for the nine months ended November 30, 2020 compared to $85,581 in general exploration expenses recorded for the 2019 comparative period. General exploration expenses include project reconnaissance costs of $7,298 (2019: $5,201) and expenditures on data acquisition and development of proprietary target generation software of $35,135 (2019: $80,380).

Investor communication expenses were $17,772 for the nine months ended November 30, 2020 compared to $6,774 in expenses incurred during the 2019 comparative period. The increase is attributable to marketing activities designed to increase the profile of the Company. The following is a breakdown of the material components of the Company's investor communication expenses for the periods ended November 30, 2020 and 2019.

	Nine months ended November 30, 2020 $	Nine months ended November 30, 2019 $
Advertising	1,000	3,500
Promotional materials	9,347	2,888
Trade shows and conferences	-	86
Website	7,425	300
	17,772	6,774

Office expenses were $57,312 for the nine months ended November 30, 2020 compared to $28,932 in expenses recorded for the 2019 comparative period. The increase reflects the Company's growing operations and level of activity. The following is a breakdown of the Company's office expenses for the periods ended November 30, 2020 and 2019.

	Nine months ended November 30, 2020 $	Nine months ended November 30, 2019 $
Bank charges and interest	2,849	1,603
Information technology	8,467	613
Insurance	744	785
Meals and entertainment	2,866	4,155
Office supplies and expenses	16,922	11,250
Rent expense	25,342	10,153
Telephone	122	373
	57,312	28,932

Travel expenses were $18,513 for the nine months ended November 30, 2020 compared to $8,756 in expenses recorded for the 2019 comparative period.

3.2 Total other income and expenses for the nine months ended November 30, 2020

Finance income was $1,323 for the nine months ended November 30, 2020 compared to $nil recorded for the 2019 comparative period and consists of cashback rewards on the Company's credit card and bank interest earned.

Foreign exchange loss of $64,651 was recorded during the nine months ended November 30, 2020 compared to a loss of $531 recorded in the 2019 comparative period. Foreign exchange gains and losses arise from transactions denominated in U.S. dollars, the functional currency of the Company's subsidiary.

Gain on sale of exploration and evaluation assets of $321,453 recorded during the nine months ended November 30, 2020 was realized on the sale of the Como property on November 24, 2020 for US $100,000 and 500,000 common shares of Eclipse Gold Mining Corporation ("Eclipse") recorded at a market value of $310,000.

Impairment of exploration and evaluation assets of $6,699 recorded during the nine months ended November 30, 2020 relates to certain Bob Creek mineral claims that were abandoned. During the 2019 comparative period, the Company abandoned certain mineral claims and accordingly acquisition costs of $8,000 for Flint, $7,408 for Matador and $14,223 for Opaline Gulch were written off.

Unrealized gain on investments of $9,300 recorded during the nine months ended November 30, 2020 relate to the common shares of Eclipse.

3.3 Total expenses for the three months ended November 30, 2020

Total expenses for the three months ended November 30, 2020 were $184,129 compared to total expenses of $71,974 for the 2019 comparative period.

Accounting and audit fees were $12,000 for the three months ended November 30, 2020 compared to $2,060 in expenses recorded in the 2019 comparative period. Accounting fees of $12,000 were recorded for accounting and bookkeeping services provided by a company controlled by the former CFO during the three months ended November 30, 2020. During the 2019 comparative period, $2,060 was paid for book keeping services.

Employee costs were $113,916 for the three months ended November 30, 2020 compared to $18,510 in employee costs recorded in the 2019 comparative period. Employee costs consist of consulting fees, management fees, salaries and benefits and share-based payments. The following is a breakdown of material components of the Company's employee costs for the periods ended November 30, 2020 and 2019.

	Three months ended November 30, 2020 $	Three months ended November 30, 2019 $
Consulting fees	11,243	15,000
Management fees	18,630	2,074
Salaries and benefits	8,024	1,436
Share-based payments	76,019	-
	113,916	18,510

Consulting fees of $11,243 for the three months ended November 30, 2020 consist of $7,500 for business consulting fees, $3,524 for a project valuation report and $219 for administrative services. Consulting fees of $15,000 for the 2019 comparative period consist of strategic consulting fees (see Section 12 "Transactions with Related Parties" below).

Management fees of $18,630 for the three months ended November 30, 2020 were paid to the President and Exploration Manager of the Company. Management fees of $2,074 for the 2019 comparative period were paid to the President and Corporate Secretary. The President is paid a salary of US $10,000 per month which is allocated to management fees for corporate development work and to deferred exploration for geological work.

Salaries and benefits of $8,024 for the three months ended November 30, 2020 consist of salaries and group health benefits paid to the Chairman, Corporate Secretary and an employee (2019 - $1,436).

Share-based payments of $76,019 for the three months ended November 30, 2020 represent the fair value of 1,780,000 stock options granted to directors, officers and an employee of the Company. A further 355,000 stock options were granted to the Company's Exploration Manager and a geological consultant. The $7,088 fair value of these options were capitalized to mineral properties.

Legal fees were $2,405 for the three months ended November 30, 2020 compared to $875 in legal fees recorded for the 2019 comparative period and relate to general corporate matters, Form D filings, the

Company's listing application, a property option agreement and annual corporate filings.

Filing fees were $1,541 for the three months ended November 30, 2020 compared to $nil in filing fees recorded for the 2019 comparative period and relate to annual corporate services and reports of exempt distribution.

General exploration expenses were $6,597 for the three months ended November 30, 2020 compared to $25,581 in general expenses recorded for the 2019 comparative period. General exploration expenses consist of expenditures on data acquisition and development of proprietary target generation software.

Investor communication expenses were $9,223 for the three months ended November 30, 2020 compared to $6,606 in expenses incurred during the 2019 comparative period. The following is a breakdown of the material components of the Company's investor communication expenses for the periods ended November 30, 2020 and 2019.

	Three months ended November 30, 2020 $	Three months ended November 30, 2019 $
Advertising	-	3,500
Promotional materials	5,347	2,720
Trade shows and conferences	-	86
Website	3,876	300
	9,223	6,606

Office expenses were $30,571 for the three months ended November 30, 2020 compared to $16,033 in expenses recorded for the 2019 comparative period. The following is a breakdown of the Company's office expenses for the periods ended November 30, 2020 and 2019.

	Three months ended November 30, 2020 $	Three months ended November 30, 2019 $
Bank charges and interest	1,441	766
Information technology	6,074	-
Insurance	737	785
Meals and entertainment	1,335	1,185
Office supplies and expenses	11,101	7,241
Rent expense	9,883	6,003
Telephone	-	53
	30,571	16,033

Travel expenses were $7,876 for the three months ended November 30, 2020 compared to $2,309 in expenses recorded for the 2019 comparative period.

3.4 Total other income and expenses for the three months ended November 30, 2020

Finance income was $847 for the three months ended November 30, 2020 compared to $nil recorded for the 2019 comparative period and consists of cashback rewards on the Company's credit card and bank interest earned.

Foreign exchange loss of $20,226 was recorded during the three months ended November 30, 2020 compared to a gain of $9,626 recorded in the 2019 comparative period. Foreign exchange gains and losses arise from transactions denominated in U.S. dollars, the functional currency of the Company's subsidiary.

Gain on sale of exploration and evaluation assets of $321,453 recorded during the three months ended November 30, 2020 was realized on the sale of the Como property on November 24, 2020 for US $100,000 and 500,000 common shares of Eclipse recorded at a market value of $310,000.

Unrealized gain on investments of $9,300 recorded during the three months ended November 30, 2020 relate to the common shares of Eclipse.

4. CASH FLOWS

The Company is still in the exploration and development stage and as such does not earn any significant revenue. Total cash used in operating activities was $241,968 for the nine months ended November 30, 2020 compared to cash used of $253,586 during the 2019 comparative period. The Company incurred a net loss of $93,955 with adjustments to add back items not involving cash (foreign exchange, gain on sale of exploration and evaluation assets, impairment of exploration and evaluation assets, unrealized gain on short-term investments and share-based payments) and adjustments for non-cash working capital items (amounts receivable, prepaid expenses, trade and other payables) to calculate the cash used in operating activities.

Total cash flows used in investing activities was $749,769 during the nine months ended November 30, 2020 and consist of $885,074 in expenditures on exploration and evaluation assets, $135,330 in proceeds from sale of the Como property and $25 in interest earned on a GIC that was reinvested as security against a company credit card. Cash flows used in investing activities for the 2019 comparative period consisted of $164,276 in expenditures on exploration and evaluation assets and the purchase of a $5,000 GIC as security against a company credit card.

Total cash flows provided by financing activities was $1,919,201 during the nine months ended November 30, 2020 and consist of $1,971,350 in proceeds from share issuances less $52,149 in share issuance costs. Cash flows provided by financing activities was $566,850 for the 2019 comparative period and consisted of $532,500 in proceeds of share issuances and $34,350 in share subscriptions received.

5. SELECTED ANNUAL INFORMATION

N/A

6. MAJOR OPERATING MILESTONES

6.1 Period from March 1, 2020 to November 30, 2020

On March 6, 2020, the Company issued 2,2291,664 common shares at a price of $0.15 per share for gross proceeds of $343,750. The Company paid finder's fees of $13,500 to a registered representative on $225,000.

On June 18, 2020, the Company issued 100,000 common shares at a price of $0.15 per share for gross proceeds of $15,000.

On July 27, 2020, Wendell Zerb was appointed as a director of the Company.

In July 2020, the Company staked the Castle Ridge property in Nevada.

On August 12, 2020, the Company granted 1,400,000 stock options exercisable at $0.20 per share to directors, officers and a consultant of the Company. The options will vest over a six month period.

On September 28, 2020, the Company issued 7,580,000 common shares at a price of $0.22 per share for gross proceeds of $1,667,600. The Company paid finder's fees of $38,648 to registered representatives on $772,970.

In September 2020, the Company staked the Hot Tub and Birch Creek properties in Oregon and portions of the Crane Creek property in Idaho.

On October 1, 2020, the Company acquired 100% interest, subject to a 1% net smelter returns royalty which the Company may purchase for US $1,000,000 at any time, in certain unpatented mining claims and State Mineral Lease E500007 located in Idaho known as "Crane Creek" for consideration of US $60,000 and 200,000 common shares at a deemed price of $0.22 per share for fair value of $44,000. State Mineral Lease E500007 expired on February 28, 2021 and the Company is in the process of pursuing a fresh lease with the State.

On October 1, 2020, the Company entered into agreements to grant NQ Holdings Inc. ("NQ", a non-arm's length company related by reason of certain common directors) the exclusive right and option to acquire 100% interests in four non-core mineral properties: (i) Bob Creek for US $55,000 of which US $2,750 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $52,250 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021); (ii) Danny Boy for US $$15,000 of which US $1,250 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $13,750 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021); (iii) Ziggurat for US $35,000 of which US $2,000 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $33,000 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021); and (iv) Keg for US $45,000 of which US $2,500 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $42,500 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021).

On October 28, 2020 (the "Effective Date"), the Company entered into a mining lease agreement to lease certain fee lands in Washington County, Idaho for a twenty year term that may be extended by ten year increments, for consideration of US $5,000 payable upon execution of the agreement and subsequent payments of US $3,250 on each anniversary of the Effective Date. The property is subject to a net smelter returns royalty of 2%, of which the first 1% may be purchased for US $1,000,000 at any time and the second 1% may be purchased for US $2,000,000 at any time.

On November 1, 2020, Graeme Currie was appointed as a director of the Company.

On November 1, 2020, Randy Vance was engaged as Exploration Manager of the Company.

On November 5, 2020, the Company entered into an agreement to sell 100% interest in the Como property to Eclipse for consideration of US $100,000 and 500,000 common shares of Eclipse with a fair value of

$310,000, subject to a net smelter returns royalty retained by the Company of 1.25% to 2.5% on certain of the claims. This transaction closed on November 24, 2020.

On November 24, 2020, the Company granted 735,000 stock options exercisable at $0.22 per share to directors, an officer, consultants and an employee of the Company. The options will vest over a six month period.

6.2 Period from October 1, 2020 to the date of this Report

On December 3, 2020, the Company entered into an agreement to sell 100% interest in the Flint property to Huntsman Exploration Inc. ("Huntsman", a public company trading on the TSXV) for consideration of US $100,000 and 8,450,000 common shares of Huntsman with a fair value of $2,070,250, subject to a 2% net smelter returns royalty retained by the Company. This transaction closed on December 21, 2020.

On January 4, 2021, Sandra Wong was appointed as Chief Financial Officer of the Company.

On February 11, 2021, the Company raised gross proceeds of $4,070,224 by way of a non-brokered private placement of 11,629,212 subscription receipts (each, a "Subscription Receipt") priced at $0.35. Each Subscription Receipt entitles the holder to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Subscription Receipt Certificate. The conversion of the Subscription Receipts to Common Shares is anticipated to occur on the completion of certain conditions, specifically (i) the issuance of a receipt for a Prospectus and (ii) the confirmation from the Canadian Securities Exchange (the "CSE") that the Company has met all CSE requirements for the Proposed Listing, subject to the conversion of the Subscription Receipts. The gross proceeds from the sale of the Subscription Receipts were deposited in escrow and are held by the Company in a separate interest-bearing account, with such Escrowed Funds not to be released until the satisfaction of the Escrow Release Conditions at which time the Escrowed Funds together with interest earned thereon will be accessible by the Company. The Company will use the Escrowed Funds for exploration and development expenditures, investor relations, general and administrative and other costs and for general working capital purposes.

In February 2021, Northern Vertex Mining Corp. ("Northern Vertex") acquired Eclipse via a statutory plan of arrangement under the Business Corporations Act (British Columbia) pursuant to which Northern Vertex has acquired all of the issued and outstanding common shares of Eclipse. Pursuant to the transaction, Eclipse shareholders are entitled to receive 1.09 common shares of Northern Vertex in exchange for each Eclipse share held by such shareholder immediately prior to the completion of the transaction. The Company's marketable securities asset as at November 30, 2020 are Eclipse shares. The Company will receive 545,000 common shares of Northern Vertex in exchange for its 500,000 common shares of Eclipse.

On March 1, 2021, Caleb Stroup was appointed as Chief Executive Officer of the Company and Alistair Waddell was appointed the Executive Chair.

7.1 Exploration and Evaluation Activities for the Nine Months Ended November 30, 2020

The Company is in the mineral exploration stage and as such has no revenues. Mineral interests in the form of exploration and acquisition costs totalled $1,568,965 as at November 30, 2020 (February 29, 2020 - $708,853 and November 30, 2019 - $544,593).

Total costs incurred on exploration and evaluation assets for the nine months ended November 30, 2020 are summarized as follows:

	Idaho $	Nevada $	Oregon $	Utah $	Total $
Acquisition costs					
Balance, February 29, 2020	232,450	129,708	70,548	33,354	466,060
Additions	193,549	280,749	127,209	14,163	615,670
Impairment	-	(6,648)	-	-	(6,648)
Sale of E&E Asset	-	(87,303)	-	-	(87,303)
Foreign exchange	(8,561)	(12,531)	(5,181)	(1,639)	(27,912)
Balance, November 30, 2020	417,438	303,975	192,576	45,878	959,867
Exploration costs					
Balance, February 29, 2020	129,629	72,856	38,775	1,533	242,793
Additions					
Administration	2,719	2,963	2,605	-	8,287
Drilling	-	1,399	-	-	1,399
Geology	45,729	88,472	176,605	6,077	316,883
Mapping, sampling, geochemistry	2,749	14,185	36,938	-	53,872
Reports	-	-	17,243	-	17,243
Technical review	10,384	14,199	7,718	-	32,301
	61,581	121,218	241,109	6,077	429,985
Sale of E&E Asset	-	(42,768)	-	-	(42,768)
Foreign exchange	(6,650)	(6,463)	(7,447)	(352)	(20,912)
Balance, November 30, 2020	184,560	144,843	272,437	7,258	609,098
Total acquisition costs and exploration expenditures					
November 30, 2020	601,998	448,818	465,013	53,136	1,568,965

Total costs incurred on exploration and evaluation assets for the nine months ended November 30, 2019 are summarized as follows:

	Idaho $	Nevada $	Oregon $	Utah $	Total $
Acquisition costs					
Balance, February 28, 2019	224,557	4,773	-	-	229,330
Additions	35,142	87,159	11,359	10,383	144,043
Impairment	(29,631)	-	-	-	(29,631)
Foreign exchange	984	370	58	53	1,465
Balance, November 30, 2019	231,052	92,302	11,417	10,436	345,207
Exploration costs					
Balance, February 28, 2019	60,333	1,282	-	-	61,615
Additions					
Administration	28,715	24,438	2,456	21	55,630

Geology	19,062	27,889	8,680	603	56,234
Mapping and sampling	45	6,284	5,221	-	11,550
Technical review	6,524	6,327	628	78	13,557
	54,346	64,938	16,985	702	136,971
Impairment	-	-	-	-	-
Foreign exchange	632	79	86	3	800
Balance, November 30, 2019	115,311	66,299	17,071	705	199,386
Total acquisition costs and exploration expenditures					
November 30, 2019	346,363	158,601	28,488	11,141	544,593

7.2 Katey and Mahogany (Malheur County, Oregon)

The Company owns a 100% interest in the Katey and Mahogany properties, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $102,597 in acquisition costs (2019 - $11,359) and $231,950 in exploration costs (2019 - $16,985) on the Properties. As at November 30, 2020, total acquisition and exploration expenditures recorded on Katey and Mahogany were $431,784 (2019 - $28,488). Katey and Mahogany are the Company's principal properties.

The Katey and Mahogany Properties are located in Malheur County, Oregon, United States and are composed of 224 unpatented lode claims totaling 4551 acres in two separate blocks that are 30 km apart from each other. The Mahogany Property ("Mahogany") comprises 139 unpatented lode claims totaling 2795 acres, centered at 43.26° Latitude and -117.04° Longitude. The Katey Property ("Katey") is 85 unpatented lode claims totaling 1,756 acres, centered at 43.42° Latitude and -117.16° Longitude. The 224 unpatented lode claims are registered to CP Holdings Corp., a wholly owned United States subsidiary of Headwater Gold Inc.

Gold mineralization on the Properties is interpreted to be related to hot spring-type low sulphidation epithermal systems of Miocene age. Alteration, mineralization, and geochemical anomalies are associated with high-angle extensional faults. The presence of sinter and other high-level alteration features indicate that the uppermost parts of the mineralizing system are partially preserved.

Gold mineralization on the Properties is associated with regional mid-Miocene bimodal volcanism and rifting within the northern Basin and Range Province. The Properties are situated near a major lithospheric domain boundary that marks the western margin of the North American craton to the east and accreted oceanic terranes to the west. Pre-Cenozoic basement rocks are entirely concealed by a thick sequence of mid-Tertiary and younger volcanic and sedimentary rocks.

The geology of the Katey Property is characterized by Miocene ash flow tuffs, tuffaceous and clastic sediments, and rhyolitic volcanics. The highest gold values occur in two separate areas of the property, referred respectively as the West and East Zones. The West Zone is characterized by hydrothermal veins and vent breccias crosscutting both clastic and tuffaceous sediments and ash flow tuffs. Mineralization in the East Zone is associated with chalcedonic stockwork veins and breccias that crosscut rhyolitic intrusions. Surface channel samples outlined mineralization in both zones where historical gold values averaged 0.02 - 0.03 opt, over 30 m. Additional areas of significant alteration at Katey includes zone of silicification and silica-pyrite veining in sediments and rhyolite intrusions (South Zone); and a broad zone of chalcedonic veining and argillic alteration within ash flow tuff (West Canyon Zone).

Rock chip sampling by Headwater geologists confirmed gold mineralization in hydrothermal vent breccias on the Mahogany Property, and in chalcedonic stockwork veins and breccias on the Katey Property. Headwater geologists have also followed alteration along strike of a major high-angle fault at Mahogany, referred to as the Main Ridge Fault, and encountered gold mineralization in silicified and brecciated tuffaceous sandstone (rock samples: RX512448 with 23 ppm Au, RX984619 with 25.1 ppm Au, and RX984620 Float with 55.2 ppm Au).

The Company undertook an exploration program on the Katey and Mahogany Properties from September 5, 2019 to October 18, 2020, consisting of soil sampling, stream sediment sampling, rock sampling, 1:5,000 scale bedrock and alteration mapping, and drone-based magnetic surveys. The program resulted in the collection of 721 soil samples, 24 stream sediment samples, 129 rock samples and 448 line-kilometres of drone magnetics (of which, 172.8 line-kilometres are on the Properties).

Preliminary interpretation of the drone magnetic survey at Mahogany has highlighted strong horizontal gradients across the southern extension of the Main Ridge Fault, and a broad magnetic low across the area of most intense argillic alteration and silicification (Wright, 2020a). Numerous magnetic lows peripheral to the Main Ridge Fault at Mahogany represent potential drill targets under thin alluvial cover.

Drone magnetics from the Katey property shows two strongly contrasting magnetic domains separated by north-northwest-striking structures that underlie the East Zone target area, consistent with the interpretation that Katey lies at the margin of a Miocene caldera. The western half of the property is covered by a non-magnetic domain, consisting of intra-caldera tuffs and tuffaceous sediments. The eastern domain is characterized by strong magnetic response from flat-lying lavas that lie outboard of the interpreted caldera margin.

A NI 43-101 technical report on the Katey and Mahogany Properties dated December 27, 2020 was prepared by Derrick Strickland, P.Geo. (the "Author"). The Author recommended that for continuing evaluation of the Properties, the Company should test the presence of bonanza-type vein targets at depths of 300 m down-dip of mineralized faults identified by mapping and sampling programs completed in the fall of 2020. A drilling exploration program is warranted on the Properties that would consist of 3,000 metres of drilling on each of the Mahogany and Katey Properties. Phase one is expected to cost 2,262,000 USD.

The scientific and technical information contained in the above text has been reviewed and approved by Derrick Strickland, P.Geo., a "Qualified Person" ("QP") as defined in National Instrument 43- 101 – Standards of Disclosure for Mineral Projects.

7.3 Birch Creek (Malheur County, Oregon)

The Company owns a 100% interest in the Birch Creek property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $8,041 in acquisition costs and $3,563 in exploration costs on the Birch Creek property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Birch Creek were $11,422 (2019 - $nil).

7.4 Hot Tub (Malheur County, Oregon)

The Company owns a 100% interest in the Hot Tub property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $16,571 in acquisition costs and $5,595 in exploration costs on the Hot Tub property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Hot Tub were $21,807 (2019 - $nil).

7.5 Matador (Owyhee County, Idaho)

The Company owns a 100% interest in the Matador property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $11,737 in acquisition costs (2019 - $10,841) and $16,541 in exploration costs (2019 - $17,799) on the Matador property. The Company had elected not to maintain certain of the claims and accordingly $9,948 in acquisition costs were written off during the nine months ended November 30, 2020 (2019 - $7,408). As at November 30, 2020, total acquisition and exploration expenditures recorded on Matador were $126,184 (2019 - $96,786).

7.6 Opaline Gulch (Owyhee County, Idaho)

The Company owns a 100% interest in the Opaline Gulch property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $10,851 in acquisition costs (2019 - $10,326) and $14,978 in exploration costs (2019 - $18,854) on the Opaline Gulch property. The Company had elected not to maintain certain of the claims and accordingly $19,099 in acquisition costs were written off during the nine months ended November 30, 2020 (2019 - $14,223). As at November 30, 2020, total acquisition and exploration expenditures recorded on Opaline Gulch were $141,168 (2019 - $114,027).

7.7 Flint (Owyhee County, Idaho)

The Company owned a 100% interest in the Flint property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $33,526 in acquisition costs (2019 - $13,975) and $14,125 in exploration costs (2019 - $17,693) on the Flint property. The Company had elected not to maintain certain of the claims and accordingly $10,743 in acquisition costs were written off during the nine months ended November 30, 2020 (2019 - $8,000). As at November 30, 2020, total acquisition and exploration expenditures recorded on Flint were $183,710 (2019 - $135,550).

Subsequent to period end, pursuant to an agreement dated December 3, 2020, the Company has sold 100% interest in the Flint property to Huntsman Exploration Inc. ("Huntsman", a public company trading on the TSXV) for consideration of US $100,000 and 8,450,000 common shares of Huntsman with a fair value of $2,070,250, subject to a 2% net smelter returns royalty retained by the Company. This transaction closed on December 21, 2020.

7.8 Crane Creek (Washington County, Idaho)

The Company owns a 100% interest in the Crane Creek property, which it acquired by way of staking federal land and an arm's length vendor acquisition subject to a 1% net smelter returns royalty which the Company may purchase for US $1,000,000 at any time. In addition, a portion of the project is comprised of a 20 year mining lease agreement subject to a net smelter returns royalty of 2%, of which the first 1% may be purchased for US $1,000,000 at any time and the second 1% may be purchased for US $2,000,000 at any time. During the nine months ended November 30, 2020, the Company expended $137,434 in acquisition costs and $15,939 in exploration costs on the Crane Creek property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Crane Creek were $150,935 (2019 - $nil).

7.9 Agate Point (Humboldt County, Nevada)

The Company owns a 100% interest in the Agate Point property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $28,957 in acquisition costs (2019 - $10,602) and $22,803 in exploration costs (2019 - $6,309) on the Agate Point property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Agate Point were $71,098 (2019 - $16,997).

7.10 Long Valley (Mineral County, Nevada)

The Company owns a 100% interest in the Long Valley property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $28,535 in acquisition costs (2019 - $16,130) and $18,284 in exploration costs (2019 - $4,185) on the Long Valley property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Long Valley were $76,405 (2019 - $20,419).

7.11 Como (Lyon County, Nevada)

The Company owned a 100% interest in the Como property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $62,923 in acquisition costs (2019 - $12,502) and $17,454 in exploration costs (2019 - $19,833) on the Como property. Pursuant to an agreement dated November 5, 2020, the Company sold 100% interest in the Como property to Eclipse Gold Mining Corporation for consideration of US $100,000 and 500,000 common shares of Eclipse with a fair value of $310,000, subject to a net smelter returns royalty retained by the Company of 1.25% to 2.5% on certain of the claims. This transaction was completed on November 24, 2020 and a gain on disposal of exploration and evaluation assets of $321,453 was recorded during the period ended November 30, 2020.

7.12 Dome Hill (Mineral County, Nevada and Mono County, California)

The Company owns a 100% interest in the Dome Hill property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $16,552 in acquisition costs (2019 - $4,328) and $13,673 in exploration costs (2019 - $3,374) on the Dome Hill property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Dome Hill were $50,953 (2019 - $7,741).

7.13 Castle Ridge (Elko County, Nevada)

The Company owns a 100% interest in the Castle Ridge property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $80,459 in acquisition costs and $47,996 in exploration costs on the Castle Ridge property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Castle Ridge were $126,216 (2019 - $nil).

7.14 Bob Creek (Eureka County, Nevada)

The Company owned a 100% interest in the Bob Creek property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $44,417 in acquisition costs (2019 - $292) and $1,008 in exploration costs (2019 - $2,036) on the Bob Creek property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Bob Creek were $66,527 (2019 - $2,340).

Subsequent to period end, pursuant to an agreement dated October 1, 2020, the Company granted NQ Holdings Inc. the exclusive right and option to acquire 100% interest in the Bob Creek property for consideration of US $55,000 of which US $2,750 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $52,250 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Bob Creek, subject to a 0.5% net smelter returns ("NSR") royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

7.15 Danny Boy (Elko County, Nevada)

The Company owned a 100% interest in the Danny Boy property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $5,387 in acquisition costs (2019 - $121) and $nil in exploration costs (2019 - $1,704) on the Danny Boy property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Danny Boy were $14,775 (2019 - $1,835).

Subsequent to period end, pursuant to an agreement dated October 1, 2020, the Company granted NQ the exclusive right and option to acquire 100% interest in the Danny Boy property for consideration of US $15,000 of which US $1,250 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $13,750 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Danny Boy, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

7.16 Ziggurat (Nye County, Nevada)

The Company owned a 100% interest in the Ziggurat property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $13,517 in acquisition costs (2019 - $29,164) and $nil in exploration costs (2019 - $404) on the Ziggurat property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Ziggurat were $42,845 (2019 - $29,718).

Subsequent to period end, pursuant to an agreement dated October 1, 2020, the Company granted NQ the exclusive right and option to acquire 100% interest in the Ziggurat property for consideration of US $35,000 of which US $2,000 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $33,000 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Ziggurat, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

7.17 Keg (Juab County, Utah)

The Company owned a 100% interest in the Keg property, which it acquired by way of staking federal land. During the nine months ended November 30, 2020, the Company expended $14,163 in acquisition costs (2019 - $10,383) and $6,077 in exploration costs (2019 - $702) on the Keg property. As at November 30, 2020, total acquisition and exploration expenditures recorded on Keg were $53,136 (2019 - $11,141).

Subsequent to period end, pursuant to an agreement dated October 1, 2020, the Company granted NQ the exclusive right and option to acquire 100% interest in the Keg property for consideration of US $45,000 of which US $2,500 is payable within 90 days of signing the agreement (paid December 18, 2020) and US $42,500 is payable in cash or common shares of NQ on or before October 1, 2023 (cash paid on February 23, 2021). The option was exercised on February 23, 2021 and NQ acquired 100% interest in Keg, subject to a 0.5% NSR royalty retained by the Company that is capped at US $1,000,000 and NQ shall have the right to purchase the 0.5% NSR for US $500,000 at any time.

8. SUMMARY OF QUARTERLY RESULTS

N/A

9. LIQUIDITY

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. Management has been successful in raising equity financing in the past. However, there is no assurance that it will be able to do so in the future.

Factors that could impact on the Company's liquidity are monitored regularly and include market changes, gold price changes, and economic upturns or downturns that affect the market price of the Company's securities for the purposes of raising financing. The current state of equity markets has been favourable towards raising financing and Management believes that this condition will continue over the next twelve months.

Cash at November 30, 2020 was $1,279,803 compared to cash of $363,309 at February 29, 2020. Restricted cash of $5,025 represents a term deposit held at a financial institution as collateral against the Company's credit card. Short-term investments consist of 500,000 common shares of Eclipse with a fair value of $0.65 for total value of $319,300. Amounts and other receivable consist of GST input tax credits and prepaid expenses relate to ordinary operating expenses.

Current liabilities total $203,656 at November 30, 2020 compared to $76,244 at February 29, 2020. Current liabilities consist of trade payables, accrued liabilities, and amounts due to related parties including an unsecured, non-interest bearing demand loan of $3,890 (US $3,000).

Working capital surplus was $1,409,072 at November 30, 2020 compared to a surplus of $296,206 at February 29, 2020.

The Company has no debt or debt arrangements other than the loan referenced above.

Based on the financial condition at November 30, 2020, the Company can meet its financial obligations as they become payable in the current fiscal year but will need to raise additional equity financing in order to fund its planned exploration and evaluation activities.

Subsequent to period end, the Company raised gross proceeds of $4,070,224 through a subscription receipt financing as described in Section 6 "Major Operating Milestones" above. The Company believes that it has adequate working capital to carry out its planned exploration and evaluation activities in the current fiscal year.

10. CAPITAL RESOURCES

The Company does not have any commitments for capital expenditures. The Company does not have any capital resources in the form of debt, equity and any other financing arrangements.

11. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

12. TRANSACTIONS BETWEEN RELATED PARTIES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

12.1 Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	Nine months ended November 30, 2020 $	Nine months ended November 30, 2019 $
Short-term employee benefits and director fees	186,756	137,312
Share-based payments	90,753	72,449
	277,509	209,761

The Company has entered into an Officer and Consulting Agreement with Hunter Gold LLC ("Hunter", a company controlled by Caleb Stroup ("Stroup"), the President), effective September 1, 2019 for no fixed term. As compensation for the services to be provided, Hunter will receive a monthly fee of US $10,000 with provisions for severance of twelve months of compensation in the event the Company terminates the Agreement by reason of a change of control. During the period ended November 30, 2020, the Company paid $118,548 (2019: $121,785) in fees to Hunter.

On March 1, 2021, Stroup was appointed Chief Executive Officer of the Company and the Company entered into a new Management Agreement with Hunter effective March 1, 2021 for no fixed term. As compensation for the services to be provided, Hunter will receive a monthly fee of US $13,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or Stroup resigns within 12 months following a change of control.

The Company has entered into a Consulting Services Agreement with Seymour One Capital Corp. ("Seymour", a company of which Jerry Huang, the former Chief Financial Officer, is an owner and director), dated January 6, 2020 for no fixed term. As compensation for the services to be provided, Seymour will receive a monthly fee of $4,000. During the period ended November 30, 2020, the Company recorded $36,000 (2019: $nil) in accounting services fees payable to Seymour. Mr. Huang resigned as CFO on January 4, 2021.

During the period ended November 30, 2020, the Company recorded $22,500 (2019: $10,000) in consulting fees payable to Waddell Consulting Inc. ("Waddell Consulting", a company controlled by Alistair Waddell ("Waddell"), the Chairman), and Waddell received $1,501 (2019: $811) in group health benefits.

On March 1, 2021, Waddell was appointed Executive Chairman of the Company and the Company entered into a Management Agreement with Waddell Consulting effective March 1, 2021 for no fixed term. As compensation for the services to be provided, Waddell Consulting will receive a monthly fee of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or Waddell resigns within 12 months following a change of control.

During the period ended November 30, 2020, the Company recorded $7,900 (2019: $4,635) in salaries and fees payable to Sandra Wong ("Wong", the Corporate Secretary), and Wong received $128 (2019: $80) in group health benefits.

On January 4, 2021, Wong was appointed the Chief Financial Officer of the Company and the Company entered into an Employment Agreement with Wong effective January 4, 2021 for no fixed term. As compensation for the services to be provided, Wong will receive a monthly salary of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or Wong resigns within 12 months following a change of control.

Subsequent to period end, effective March 1, 2021, the Company approved the payment of a director's fee of $1,000 per month to Graeme Currie and Wendell Zerb, directors of the Company, and $2,000 per month to Tero Kosonen ("Kosonen"), a director who serves as chair of the Audit Committee.

12.2 Services Agreement

The Company had entered into a Contract for Services with OCP Holdings Ltd. ("OCP", a significant shareholder with Kosonen as a director) effective May 1, 2019 for an eight month term ending December 31, 2019. As compensation for the services provided, OCP received a monthly fee of $5,000. During the period ended November 30, 2020, the Company recorded $nil (2019: $35,000) in consulting fees payable to OCP.

12.3 Debt Settlement

On September 19, 2019, the Company settled $22,500 in amounts owing to OCP through the issuance of 300,000 common shares at a price of $0.075 per share.

On June 26, 2019, the Company extended a non-interest bearing demand loan of $26,506 to an arm's length party, which receivable was guaranteed by OCP. On February 29, 2020, OCP took assignment of the receivable in return for the settlement of $26,250 in accrued fees owing to OCP.

12.4 Acquisition of CP Holdings Corporation

On February 28, 2019, the Company acquired CP Holdings Corporation from OCP for consideration of $1,337 cash and the issuance of 8,500,000 common shares priced at $0.025 for a fair value of $212,500.

12.5 Private Placements

On June 3, 2019, the Company raised gross proceeds of $244,875 by way of a non-brokered private placement of 3,265,000 common shares priced at $0.075. Kosonen purchased 500,000 shares.

On September 16, 2019, the Company raised gross proceeds of $272,625 by way of a non-brokered private placement of 3,635,000 common shares priced at $0.075. Kosonen purchased 227,500 shares and Waddell Consulting purchased 227,500 shares.

On February 7, 2020, the Company raised gross proceeds of $467,526 by way of a non-brokered private placement of 3,116,840 common shares priced at $0.15. Kosonen purchased 200,000 shares and Waddell Consulting purchased 72,500 shares.

On June 18, 2020, the Company raised gross proceeds of $15,000 by way of a non-brokered private placement of 100,000 common shares priced at $0.15. Wong purchased 100,000 shares.

On September 28, 2020, the Company raised gross proceeds of $1,667,600 by way of a non-brokered private placement of 7,580,000 common shares priced at $0.22. Stroup purchased 50,000 shares, Waddell Consulting purchased 100,000 shares, and Wendell Zerb, a director, purchased 240,000 shares.

On February 11, 2021, the Company raised gross proceeds of $4,070,224 by way of a non-brokered subscription receipt private placement of 11,629,212 subscription receipts priced at $0.35. Graeme Currie, a director of the Company, purchased 100,000 receipts, Kosonen purchased 250,000 receipts, Stroup purchased 30,000 receipts, and Waddell Consulting purchased 30,000 receipts.

12.6 Property Option Agreement

On October 1, 2020, the Company entered into agreements to grant NQ Holdings Inc. the exclusive right and option to acquire 100% interests in the Bob Creek, Danny Boy, Ziggurat and Keg properties as described under Section 6 "Major Operating Milestones" and Section 7 "Exploration and Evaluation Activities" above. NQ is a wholly-owned subsidiary of NewQuest Capital Inc., a private company with common directors of Kosonen, Stroup, Waddell and Zerb and common Chief Financial Officer and Corporate Secretary of Wong.

13. FOURTH QUARTER

N/A

14. PROPOSED TRANSACTIONS

The Company is engaged in the search for potential joint venture partners, mineral property acquisitions and financings, but there are currently no proposed asset or business acquisitions or dispositions. Other than disclosed in this Report, the Company does not have any proposed transactions.

15. COMMITMENTS, EXPECTED OR UNEXPECTED EVENTS, OR UNCERTAINTIES

Other than disclosed in this Report, the Company does not have any commitments, expected or unexpected events, or uncertainties.

16. SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

17. CHANGES IN ACCOUNTING POLICES INCLUDING INITIAL ADOPTION

A number of new or amended accounting standards were scheduled for mandatory adoption on or after March 1, 2020. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

18. KNOWN TRENDS, RISKS OR DEMANDS

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at November 30, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables. The Company has a working capital surplus of $1,409,072 as at November 30, 2020 and requires additional financing for operations and meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 10 of its condensed interim consolidated financial statements. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's exploration property expenditures will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

19. DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

As at April 9, 2021, the Company has 37,938,506 common shares issued and outstanding.

As at April 9, 2021, the Company has 11,629,212 subscription receipts for common shares issued and outstanding.

As at April 9, 2021, the Company has 3,735,000 stock options outstanding.

20. BOARD OF DIRECTORS AND OFFICERS

The directors of the Company are Graeme Currie, Tero Kosonen, Caleb Stroup, Alistair Waddell and Wendell Zerb.

The officers of the Company are Alistair Waddell (Executive Chairman), Caleb Stroup (President and Chief Executive Officer) and Sandra Wong (Chief Financial Officer and Corporate Secretary).

21. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This Management's Discussion & Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and copper, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, risk relating to international operations, the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and copper; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; fluctuations in metal prices; as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis for the period ended November 30, 2020. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

22. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the consolidated financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and two of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

HEADWATER GOLD INC.

Caleb Stroup

President and Chief Executive Officer

SCHEDULE "C"

STOCK OPTION PLAN

HEADWATER GOLD INC.

STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

The Company hereby establishes a stock option plan for directors, senior officers, Employees, Consultants, Consultant Company or Management Company Employees (as such terms are defined below) of the Company and its subsidiaries, or an Eligible Charitable Organization (collectively "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten years, as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the greater of: (i) the Market Price prevailing on the trading day preceding the date on which the Board grants such stock options; and (ii) the Market Price prevailing on the date of grant of such stock options.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

2.1 "**Associate**" means an "Associate" as defined in the National Instrument 45-106.

2.2 "**Board**" means the Board of Directors of the Company.

2.3 "**Change of Control**" means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the *Securities Act*) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Company.

2.4 "**Company**" means Inflection Resources Ltd. and its successors.

2.5 "**Consultant**" means a "Consultant" as defined in NI 45-106.

2.6 "**Consultant Company**" means a corporation controlled or operated by a Consultant.

2.7 "**CSA**" means the Canadian Securities Administrators, and for British Columbia in particular, the B.C. Securities Commission.

2.8 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

(a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or

(b) acting as a director or officer of the Company or its subsidiaries.

2.9 "**Eligible Persons**" has the meaning given to that term in section 1 hereof.

2.10 "**Employee**" means an "Employee" as defined in NI 45-106.

2.11 "**Exchange**" means the Canadian Securities Exchange and, if applicable, any other stock exchange on which the Shares are listed.

2.12 "**Expiry Date**" means the date set by the Board under subsection 3.1 of the Plan, as the last date on which an Option may be exercised.

2.13 "**Grant Date**" means the date specified in the Option Agreement as the date on which an Option is granted.

2.14 "**Insider**" means an "Insider" as defined in the British Columbia *Securities Act*.

2.15 "**Investor Relations Activities**" means "Investor Relations Activities" as defined in the CSE policies.

2.16 "**Joint Actor**" has the meaning defined in NI 62-103, *The Early Warning System and Related Take-Over Bid and insider Reporting Issues*.

2.17 "**Management Company Employee**" means an Employee of an "external management company" as such term is defined under Form 51-102F6 "Statement of Executive Compensation" in respect of financial years ending on or after December 31, 2008, of NI 51-102, "Continuous Disclosure Obligations" published by the CSA.

2.18 "**Market Price**" of Shares means: (i) if the Company is listed on the Exchange or any other recognized stock exchange, the closing price per Share on such stock exchange on the trading day specified; or (ii) if the Shares are not listed on any recognized stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the date specified.

2.19 "**NI 45-106**" means NI 45-106, "Prospectus and Registration Exemptions" published by the CSA.

2.20 "**Option**" means an option to purchase Shares granted pursuant to this Plan.

2.21 "**Option Agreement**" means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.

2.22 "**Optionee**" means each of Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.

2.23 "**Option Price**" means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.

2.24 "**Option Shares**" means the aggregate number of Shares which an Optionee may purchase under an Option.

2.25 "**Plan**" means this Stock Option Plan.

2.26 "**Shares**" means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.

2.27 "**Securities Act**" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.

2.28 "**Unissued Option Shares**" means the number of Shares which have, at a particular time, been reserved for issuance upon the exercise of an Option, but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.

2.29 "**Vested**" means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1 Option Terms

The Board may from time to time authorize the allocation and issue of Options to specific Eligible Persons of the Company and its subsidiaries. The Option Price under each Option so allocated shall be not less than the greater of: (i) the Market Price prevailing on the trading day preceding the date on which the Board grants such Option; and (ii) the Market Price prevailing on the date of grant of such Option. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee. Both the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a *bona fide* Eligible Person.

3.2 Limits on Shares Issuable on Exercise of Options

The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time. The number of Shares reserved for issuance under the Plan and all of the Company's other previously established or proposed share compensation arrangements:

(a) in aggregate shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis; and

(b) to any one Optionee within a 12 month period shall not exceed 5% of the total number of issued and outstanding shares on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company).

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

(a) to all Insiders shall not exceed 10% of the total number of issued and outstanding shares on the Grant Date on a non-diluted basis;

(b) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company);

(c) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and

(d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, which Options must be vested in stages over not less than 12 months and no more than one-quarter (1/4) of such Options may be vested in any three (3) month period. The Company must publicly announce by press release at the time of the grant, any Options granted to Eligible Persons who undertake Investor Relations Activities.

3.3 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Company or Management Company Employees, each of the Company and the Optionee is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

4. EXERCISE OF OPTION

4.1 When Options May be Exercised

Subject to subsections 4.4 and 4.5, an Option shall be granted as fully Vested on the Grant Date, and may be exercised to purchase any number of Shares up to the number of Unissued Option Shares at any time after the Grant Date, provided that this Plan has been previously approved by the shareholders of the Company, where such prior approval is required by Exchange policies, up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

4.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share. Upon notice and payment there will be binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's certified cheque or bank draft payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the certified cheque is not honoured upon presentation for any reason, in which case the Option shall not have been validly exercised.

4.3 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in 4.2 and elsewhere in this Plan, and as a condition of exercise:

(a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or

(b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

4.4 Vesting of Option Shares

An Option shall be granted hereunder as fully Vested, unless a vesting schedule is imposed by the Board as a condition of the grant on the Grant Date; and provided that if the Option is being granted to an Eligible Person who is providing Investor Relations Activities to the Company, then the Option must vest in stages over not less than 12 months and no more than one-quarter (1/4) of such Options may be vested in any three (3) month period.

4.5 Termination of Employment

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

(i) 365 days after the date of death or Disability; and

(ii) the Expiry Date.

(b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company’s retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

4.6 Effect of a Take-Over Bid

If a *bona fide* offer (an “**Offer**”) for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection

1(1) of the *Securities Act*, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon the Option Shares subject to such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer.

4.7 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, are Vested (subject to the proviso below), and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer, PROVIDED THAT where an Option was granted to a consultant providing Investor Relations Activities, the Directors declaration that Option Shares issuable upon the exercise of such Options granted under the Plan be Vested with respect to such Option Shares, is subject to prior approval of the Exchange. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days notice is required.

4.8 Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option may be exercised in whole or in part by the Optionee.

4.9 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, by the cancellation of the right to purchase Option Shares under the Option Agreement shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

4.10 Shares Not Acquired or Exercised

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired, and any Option Shares acquired by an Optionee under an Option when exercised, may be made the subject of a further Option granted pursuant to the provisions of the Plan.

4.11 Extension of Term During Trading Black Out

In the event the Expiry Date of an Option falls on a date during a trading black out period that has been self imposed by the Company, the Expiry Date of the Option will be extended to the 10^{th} business day following the date that the self imposed trading black out period is lifted by the Company. For greater certainty, the Expiry Date of an Option will not be extended in the event a cease trade order is issued by a securities regulatory authority against the Company or an Optionee.

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a **"Share Reorganization"**) then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

(a) the Option Price will be adjusted to a price per Share which is the product of:

  (i) the Option Price in effect immediately before that effective date or record date; and

  (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and

(b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subparagraph (a)(ii).

5.2 Special Distribution

Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares:

(a) shares of the Company, other than the Shares;

(b) evidences of indebtedness;

(c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Company has determined to be outside the normal course); or

(d) rights, options or warrants,

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization

Whenever there is:

(a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in subsections 5.1 or 5.2;

(b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or

(c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Certified Professional Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5 Regulatory Approval

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of subsection 5.1, 5.2 or 5.3 is subject to the approval of the Exchange where required pursuant to their policies, and compliance with the applicable securities rules or regulations of any other governmental authority having jurisdiction.

6. MISCELLANEOUS

6.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2 Necessary Approvals

The Plan shall be effective immediately upon the approval of the Board of directors of the Company, where the Company is a non-reporting issuer. If the Company is a reporting issuer whose Shares are listed on any Exchange, then the Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution of the disinterested shareholders in the case of a new Plan, and the written acceptance of the Plan by the Exchange where such prior approval is required by the policies of the Exchange. Any Options granted under this Plan before such approval shall only be exercised upon the receipt of such approval, where it is required by the policies of the Exchange. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to compliance with the policies of the Exchange and applicable securities rules or regulations of any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to comply with such policies, rules or regulations, then the obligation of the Company to issue such Shares shall terminate and any

Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

6.3 Administration of the Plan

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in subsection 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

6.4 Income Taxes

As a condition of and prior to participation of the Plan any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

6.5 Amendments to the Plan

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted to Insiders thereunder will be subject to the approval of the shareholders, where such approval is required by the policies of the Exchange.

6.6 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

6.7 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

6.8 Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.9 No Assignment

No Optionee may assign any of his or her rights under the Plan or any Option granted thereunder.

6.10 Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

6.11 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.12 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.

6.13 Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.14 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

Approved by the Board of Directors on May 16, 2019.

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Alistair Waddell,
Chief Executive Officer

SCHEDULE "A"

HEADWATER GOLD INC.

STOCK OPTION PLAN

OPTION AGREEMENT

This Option Agreement is entered into between **Headwater Gold Inc.** (the "Company") and the Optionee named below pursuant to the Company Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on ●, 20● (the "Grant Date");

2. ● (the "Optionee");

3. was granted the option (the "Option") to purchase ● Common Shares (the "Option Shares") of the Company;

4. for the price (the "Option Price") of $● per share;

5. which shall be exercisable as fully Vested from the Grant Date, unless the granting of this Option is to a consultant providing Investor Relations Activities in which case the Option will be vested over a 12 month period from the Grant Date in accordance with the terms of the Plan;

6. terminating on the ●, 20● (the "Expiry Date");

7. when exercised, the Company will forthwith calculate all applicable Canadian government withholding taxes of the Optionee, and Canada or Quebec (if applicable) Pension Plan contributions, and the Optionee agrees to remit to the Company such taxes and contributions to the Company, which will be remitted by the Company to Canada Revenue Agency and reflected on any annual statement of remuneration issued by the Company; and

8. by signing this Option Agreement, the Optionee acknowledges and consents to:

    (a) the disclosure of Personal Information by the Company to the Canadian Securities Exchange (the "Exchange") (as defined in Appendix I hereto); and

    (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix I or as otherwise identified by the Exchange, from time to time;

    (Where "Personal Information" means any information about the Optionee, and includes the information contained in the tables, as applicable),

all on the terms and subject to the conditions set out in the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 20●.

HEADWATER GOLD INC.
Per:

______________________________	______________________________
OPTIONEE	Authorized Signatory

Appendix I

ACKNOWLEDGEMENT – PERSONAL INFORMATION

Canadian Securities Exchange and its affiliates, authorized agents, subsidiaries and divisions (collectively referred to as "the Exchange") collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

(a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and

(b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

SCHEDULE "D"

AUDIT COMMITTEE CHARTER

HEADWATER GOLD INC.

(the "**Company**")

AUDIT COMMITTEE CHARTER

I. PURPOSE

This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**"), annual evaluation and compliance with this charter. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

II. COMPOSITION

A majority of the members of the Audit Committee must not be executive officers, as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), or employees or control persons of the Company or of an affiliate of the Company, as these terms are otherwise defined under applicable securities legislation, provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange and of NI 52-110.

The Audit Committee will consist of at least three members, all of whom must be directors of the Company. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, each member of the Audit Committee will also satisfy the financial literacy requirements of such exchange and of NI 52-110.

The Chair of the Audit Committee will be appointed by the Board.

III. AUTHORITY

In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

A. engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;

B. communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

C. incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

IV. DUTIES AND RESPONSIBILITIES

A. The duties and responsibilities of the Audit Committee include:

1. recommending to the Board the external auditor to be nominated by the Board;

2. recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;

3. reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);

4. overseeing the work of the external auditor;

5. ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;

6. ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;

7. ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;

8. reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;

9. reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;

10. reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;

11. reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;

12. reviewing the external auditor's report to the shareholders on the Company's annual financial statements;

13. reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;

14. satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;

15. overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;

16. reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;

17. reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;

18. satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

19. resolving disputes between management and the external auditor regarding financial reporting;

20. establishing procedures for:

a. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto, and

b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

21. reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

22. pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

23. overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;

24. establishing procedures for:

    a. reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;

    b. reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("**CFO**") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;

    c. obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("**CEO**") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;

    d. reviewing fraud prevention policies and programs, and monitoring their implementation;

    e. reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:

        i. tax and financial reporting laws and regulations;

        ii. legal withholding requirements;

        iii. environmental protection laws and regulations;

        iv. other laws and regulations which expose directors to liability; and

B. A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

C. On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

V. TERM

The members of the Audit Committee shall be appointed by designation of the Board and shall continue to be a member thereof until the earlier of (i) the Board, at its discretion, decides to remove the member from the Committee, or (ii) the expiration of his or her term of office as a Director. Vacancies at any time occurring shall be filled by designation of the Board.

VI. MEETINGS

The Committee shall meet at least once per year or more frequently as circumstances dictate. A majority of the members appearing at a duly convened meeting shall constitute a quorum and the Committee shall maintain minutes or other records of its meetings and activities. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. These documents will be shared with the Board as needed to discharge the Committee's delegated responsibilities and stored in a centralized electronic archive administered by the Corporate Secretary. In case of absence of the Chair, the participating Audit Committee members will designate an interim Chair. The Committee may invite members of Management or others to attend their meetings and they will be asked to step-out during sensitive conversations. As part of its responsibility to foster open communication, the Committee should meet at least annually with each of the CEO and Chief Financial Officer in separate executive sessions to discuss any matters that the Committee or the executive officers believe should be discussed privately with the Committee.

VII. REPORTS

The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

VIII. MINUTES

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

IX. ANNUAL PERFORMANCE EVALUATION

The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the charter, to determine the effectiveness of the Committee.

CERTIFICATE OF THE COMPANY

Dated: May 26, 2021

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 British Columbia, Alberta and Ontario.

"Caleb Stroup"	*"Sandra Wong"*
Caleb Stroup	Sandra Wong
Chief Executive Officer and Director	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Alistair Waddell"	*"Tero Kosonen"*
Alistair Waddell	Tero Kosonen
Director	Director

CERTIFICATE OF THE PROMOTERS

Dated: May 26, 2021

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 British Columbia, Alberta and Ontario.

"Caleb Stroup"	*"Alistair Waddell"*
Caleb Stroup	Alistair Waddell

APPENDIX "B"

Capitalization

14.1 The following tables provide information about the Company's capitalization as of May 26, 2021 upon completion of the Company's initial public offering:

Issued Capital

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)	49,567,718	53,302,718	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	20,089,167	22,869,167	40.53%	42.90%
Total Public Float (A-B)	29,478,551	30,433,551	59.47%	57.10%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	20,089,167	22,869,167	40.53%	42.90%
Total Tradeable Float (A-C)	29,478,551	30,433,551	59.47%	57.10%

Public Securityholders (Registered)

For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	119	29,478,551
Total	**119**	**29,478,551**

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	200	29,478,551
Total	**200**	**29,478,551**

Non-Public Securityholders (Registered)

For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	11	20,089,167
Total	**11**	**20,089,167**

14.2 Securities convertible or exchangeable into any class of listed securities upon completion of the Company's initial public offering.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Options to purchase Common Shares, each exercisable into one Common Share at exercise prices ranging from $0.10 to $0.22	3,735,000	3,735,000

14.3 There are no listed securities reserved for issuance that are not included in section 14.2.

CERTIFICATE OF THE COMPANY

Pursuant to a resolution duly passed by its Board of Directors, Headwater Gold Inc. hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating Headwater Gold Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 3rd day of June, 2021.

"Caleb Stroup"	*"Sandra Wong"*
Caleb Stroup Chief Executive Officer and Director	**Sandra Wong** Chief Financial Officer
"Alistair Waddell"	*"Tero Kosonen"*
Alistair Waddell Director	**Tero Kosonen** Director