

*A copy of this preliminary prospectus has been filed with the securities regulatory authority in each of the provinces of Ontario, British Columbia and Alberta, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the preliminary prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The securities offered under this prospectus 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 may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. 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. See “Plan of Distribution”.*

## PRELIMINARY PROSPECTUS INITIAL PUBLIC OFFERING

March 3, 2022



### Heritage Mining Ltd.

**Minimum Offering: \$●**

**Maximum Offering: \$●**

**Up to ● FT Units**

**Price per FT Unit: \$●**

**Up to ● Units Price per Unit: \$●**

This prospectus is being filed by Heritage Mining Ltd. (the “Company”) to qualify for distribution (the “Offering”) (i) up to ● flow-through units of the Company (“FT Units”) to be issued at a price of \$● per FT Unit (the “FT Unit Offering Price”) and (ii) up to ● units of the Company (“Units”) to be issued at a price of \$● per Unit (the “Unit Offering Price”), in any combination thereof to raise minimum aggregate gross proceeds of \$● (the “Minimum Offering”) or maximum aggregate gross proceeds of \$● (the “Maximum Offering”), provided that a minimum of ● Units must be sold under the Minimum Offering for aggregate gross proceeds of \$● (the “Minimum Offering Required Unit Amount”) and a minimum of ● Units must be sold under the Maximum Offering for aggregate gross proceeds of \$● (the “Maximum Offering Required Unit Amount”). Each FT Unit will consist of one common share of the Company (each a “Flow-Through Share”), each of which will qualify as a “flow-through share” as defined in

subsection 66(15) of the *Income Tax Act* (Canada) (the “**Tax Act**”), and one common share purchase warrant of the Company (each such warrant, a “**FT Unit Warrant**”) to acquire one non “flow-through” common share of the Company (each a “**FT Warrant Share**”) at an exercise price of \$● until 5:00 p.m. (Toronto time) on the date which is 36 months after the date of the closing of the Offering (the “**Closing Date**”). The FT Unit Warrants will qualify as “flow-through shares” as defined in subsection 66(15) of the Tax Act. The FT Warrant Share will not qualify as a “flow-through share” as defined in subsection 66(15) of the Tax Act.

Each Unit will consist of one common share of the Company (each a “**Unit Share**”) and one common share purchase warrant of the Company (each such warrant, a “**Unit Warrant**”) to acquire one common share of the Company (each a “**Unit Warrant Share**”) at an exercise price of \$● until 5:00 p.m. (Toronto time) on the date which is 36 months after the date of the Closing Date.

The FT Unit Warrants and the Unit Warrants will be governed by a warrant indenture to be entered into on or before the Closing Date between the Company and TSX Trust Company, as warrant agent (the “**Warrant Agent**”). See “*Description of Securities Being Distributed*”.

The FT Units and the Units will not trade and will separate into Flow-Through Shares, FT Unit Warrants, Unit Shares and Unit Warrants, as applicable, immediately upon issue.

The FT Units and the Units are referred to herein collectively as the “**Offered Securities**”. This Prospectus qualifies the distribution of the Offered Securities offered for sale pursuant to the Offering, the distribution of the Additional Securities (as defined herein) issuable pursuant to the exercise of the Over-Allotment Option (as defined herein), and the distribution of the Agent Warrants. Unless otherwise indicated, all information in this Prospectus assumes no exercise of the Over-Allotment Option.

This Prospectus is being filed by the Company to qualify the Offered Securities for distribution in the provinces of British Columbia, Alberta, and Ontario (the “**Qualifying Jurisdictions**”) such that the Flow-Through Shares, the FT Unit Warrants, the Unit Shares and the Unit Warrants will be issued and freely tradeable after the date (the “**Qualification Date**”) that a receipt for this Prospectus in final form is issued by securities regulatory authorities in the Qualifying Jurisdictions, and at such time as the Company has obtained a listing of the Common Shares on a recognized stock exchange or quotation system in Canada.

The Offered Securities will be issued and sold pursuant to an agency agreement dated ●, 2022 (the “**Agency Agreement**”) between the Company and Red Cloud Securities Inc. (the “**Agent**”). The price per Offered Security was determined based upon arm’s length negotiations between the Company and the Agent. See “*Plan of Distribution*”.

Each of the FT Unit Offering Price and the Unit Offering Price was determined by negotiation between the Company and the Agent.

	Price to the Public	Agent’s Commission <sup>(1)</sup>	Net Proceeds to the Company <sup>(2)</sup>
Per FT Unit	\$●	\$●	\$●
Per Unit	\$●	\$●	\$●
Minimum Offering <sup>(3)</sup>	\$●	\$●	\$●
Maximum Offering <sup>(3)</sup>	\$●	\$●	\$●

*Notes:*

- (1) The Offered Securities are being sold by the Agent on a commercially reasonable basis and the distribution thereof will remain open until the earlier of the Closing Date and the latest date allowable under applicable securities laws and regulations. The Agent will receive a cash commission of 7% of the gross amount raised pursuant to the Offering (including in respect of the exercise of the Over-Allotment Option (as defined herein)) (the “**Agent’s Commission**”). In addition, the Agent will receive warrants of the Company (the “**Agent Warrants**”) entitling the Agent to purchase that number of Common Shares (the “**Agent Shares**”) that is equal to 7% of the number of the Offered Securities issued pursuant to the Offering at a price of \$● per Agent Share (including in respect of the exercise of the Over-Allotment Option (as defined herein)). Each Agent Warrant entitles the holder to purchase one Agent Share at the Unit Offering Price for a period of 36 months

after the Closing Date. This prospectus also qualifies the grant of the Agent Warrants. See “*Plan of Distribution*”.

- (2) This amount represents the net proceeds to the Company after deducting the Agent’s Commission and before deducting the estimated expenses of the Offering, including certain legal, regulatory and other fees totaling in the aggregate \$●, both of which will be paid out of the proceeds of the Units sold under the Offering. See “*Plan of Distribution*”.
- (3) The Company has granted the Agent an over-allotment option (the “**Over-Allotment Option**”), exercisable by the Agent in whole or in part, at its sole discretion, upon giving written notice to the Company at any time up to 30 days after the Closing Date, to purchase up to an additional ● Units (“**Additional Securities**”) at the Unit Offering Price, representing 15% of the number of Units sold under the Offering, on the same terms and conditions as the Units issued under the Offering, exercisable in whole or in part from time to time, to cover over-allotments, if any, and for market stabilization purposes. The grant of the Over-Allotment Option and the Additional Securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus. A purchaser who acquires Additional Securities forming part of the Over-Allotment Option acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

The Agent has agreed to conditionally offer the Offered Securities on a “best efforts” basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*”, subject to the approval of all legal matters on the Company’s behalf by Osler, Hoskin & Harcourt LLP, Vancouver and on the Agent’s behalf by Peterson McVicar LLP, Toronto. Subscriptions for Offered Securities will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The following table sets out the number of options and other compensation securities, if any, that have been issued or may be issued by the Company to the Agent and which are exercisable to acquire Agent Shares:

Agent’s Position	Maximum Number of Securities Available <sup>(2)</sup>	Exercise Period	Exercise Price
Agent Warrants <sup>(1)</sup>	●	Any time on or before 5:00 p.m. (Toronto time) on the date that is 36 months after the Closing Date.	\$●
Over-Allotment Option <sup>(3)</sup>	●	Up to 30 days after the Closing Date.	\$●

Notes:

- (1) This Prospectus also qualifies the issue of the Agent Warrants. See “*Plan of Distribution*”.
- (2) Assumes completion of the Maximum Offering.
- (3) This Prospectus qualifies the distribution of up to ● Additional Securities upon the exercise of the Over-Allotment Option.

The Agent may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. See “*Plan of Distribution*”.

**There is no market for the Offered Securities through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “*Risk Factors*”.**

The Company will, pursuant to the Flow-Through Subscription Agreements (as defined herein) in a timely and prescribed manner and form, incur (or be deemed to incur) on or before December 31, 2023 resource exploration expenses which will constitute “Canadian exploration expenses” as defined in subsection 66.1(6) of the Tax Act and “flow-through mining expenditures” as defined in subsection 127(9) of the Tax Act (the “**Qualifying Expenditures**”), in an amount not less than the aggregate gross subscription proceeds from the issue of the FT Units, and the Company will, in a timely and prescribed manner and form, renounce the Qualifying Expenditures (on a *pro rata* basis) to each subscriber of FT Units with an effective date of no later than December 31, 2022, in accordance with the Tax Act. In the event that the Company is unable to renounce or incur 100% of the requisite Qualifying Expenditures, the Company will indemnify each purchaser of FT Units for the additional taxes payable by such purchaser as a result of the Company’s failure to renounce the Qualifying Expenditures. See “*Certain Canadian Federal Income Tax Considerations*”.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, the 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). See “*Risk Factors*”.

The Company intends to apply to have the Common Shares listed on the Canadian Securities Exchange Inc. (the “CSE”) concurrently with the filing of this Prospectus. Such listing is subject to approval by the CSE of the Company’s listing application and fulfillment by the Company of all of the requirements and conditions of the CSE. The CSE has not conditionally approved the listing of the Common Shares and there is no assurance that the CSE will approve the Company’s listing application. See “*Risk Factors*” and “*Plan of Distribution*”.

If subscriptions representing the Offered Securities are not received within 90 days of the issue of a receipt for the final prospectus relating to the Offering, or if a receipt has been issued for an amendment to the final prospectus, within 90 days of the issue of such receipt and in any event not later than 180 days from the date of the issue of a receipt for the final prospectus, the Offering will cease. The Agent, pending closing of the Offering, will hold in trust all subscription funds received pursuant to the provisions of the Agency Agreement. If the Offering has not closed on or before 90 days from the issue of a receipt for the final prospectus, the Offering will be discontinued and all subscription monies will be returned to purchasers by the Agent without interest or deduction, unless an amendment to the final prospectus is filed and a receipt has been issued for such amendment. See “*Plan of Distribution*”.

**The Offering is not underwritten or guaranteed by any person or agent. The completion of the Offering is conditional on the Company completing the Minimum Offering and raising the Minimum Offering Required Unit Amount. If subscriptions are not received at least equal to \$● of which \$● represents the amount received from subscriptions for Units, the Offering will not be completed. Subscription proceeds will be received by the Agent and will be held by the Agent in trust until the closing of the Offering.**

It is anticipated that a certificate or certificates representing the Offered Securities will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee as a global security and will be deposited with CDS on the date of closing of the Offering, which is anticipated to be on or about ● or such other date as the Company and the Agent may agree. A purchaser of Offered Securities (other than a purchaser of Offered Securities in the United States or a U.S. Person) will receive only a customer confirmation from a registered dealer that is a CDS participant and from or through which the Offered Securities are purchased. See “*Plan of Distribution*”.

**The securities of the Company should be regarded as highly speculative due to the nature of the Company’s business and its formative stage of development. An investment in the securities of the Company should only be made by persons who can afford a significant or total loss of their investment. The Company is engaged in mineral exploration and development, the success of which cannot be assured. The Company has no history of earnings. The Company has no present intention to pay any dividends on the common shares of the Company. Subscribers must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. See “*Risk Factors*”.**

Prospective investors should rely only on the information contained in this Prospectus. The Company and the Agent have not authorized anyone to provide investors with information different from that contained in this Prospectus. The Agent is offering to sell and seeking offers to buy the Offered Securities only in jurisdictions where, and to persons whom, offers and sales are lawfully permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date of this Prospectus.

Prospective investors are advised to consult their own legal counsel and other professional advisors in order to assess income tax, legal and other aspects of this investment based upon their own personal circumstances.

The Company’s head office is located at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The Company’s registered and records office is located at 1700-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

The Company is neither a “connected issuer” nor a “related issuer” to the Agent as defined in *National Instrument 33-105 – Underwriting Conflicts* of the Canadian Securities Administrators.

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## GENERAL MATTERS

In evaluating whether or not to purchase Offered Securities, a prospective investor should rely only on all of the information contained in this Prospectus and not on certain parts of this Prospectus to the exclusion of others. No person has been authorized to give any information other than that contained in this Prospectus, or to make any representations in connection with the Offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of Offered Securities. The Company's business, financial condition, operating results and prospects of the Company may have changed since the date of this Prospectus.

For investors outside Canada, neither the Company nor the Agent has done anything that would permit the Offering or distribution of this Prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this Prospectus.

The information contained on the Company's corporate website is not intended to be included in or incorporated by reference into this Prospectus and investors should not rely on such information when deciding whether or not to invest in the Offered Securities.

Any graphs, tables or other information demonstrating the current and historical performance or attributes of the Company or the Drayton – Black Lake Project contained in this Prospectus are intended only to illustrate historical performance or current or historical attributes of the Company, the Drayton – Black Lake Project or such other entities and are not necessarily indicative of future performance of the Company or the Drayton – Black Lake Project.

This Prospectus includes summary descriptions of certain material agreements of the Company (see "*Material Contracts*"). The summary descriptions disclose provisions that the Company considers to be material but are not complete and are qualified by reference to the terms of the material agreements which will be filed with the Canadian securities regulatory authorities and will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Investors are encouraged to read the full text of such material agreements.

## PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

The financial statements of the Company contained herein have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. In this Prospectus, unless otherwise specified, all references to \$ are in Canadian dollars. Certain totals, subtotals and percentages throughout this Prospectus may not precisely reconcile due to rounding.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains, or incorporates by reference, "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, the mineral properties of the Company, the future price of gold, copper, silver and other metals, the estimation of mineral resources, results of exploration activities and studies, the realization of mineral resource estimates, exploration expenditures, costs and timing of the development of new deposits, the acquisition of additional mineral resources, the results of future exploration and drilling, timing of economic and scoping-level studies, costs and timing of future exploration of the Drayton – Black Lake Project or and the other Heritage Properties, requirements for additional capital, management's skill and knowledge with respect to the exploration and development of mining properties in Ontario in general and the relevance of that knowledge to the Drayton – Black Lake Project and the other Heritage Properties, government regulation of mining operations and exploration operations, timing and receipt of approvals and licences under mineral legislation, environmental risks and title disputes or claims and limitations of insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among

others, risks associated with the Company's dependence on the Drayton – Black Lake Project; the Company's limited operating history; general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; risks associated with dependence on key members of management; conclusions of economic evaluations and studies (including the Drayton – Black Lake Technical Report (as hereinafter defined)); currency fluctuations (if applicable); future prices of gold, copper, silver and other metals; exploration and development risks; infrastructure risks; inflation risks; defects and adverse claims in the title to the Drayton – Black Lake Project and the other Heritage Properties; accidents, political instability, insurrection or war; labour and employment risks; changes in government regulations and policies, including laws governing development, production, taxes, royalty payments, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; insufficient insurance coverage; the risk that dividends may never be declared; liquidity and financing risks related to the global economic crisis, public health crises, including the evolving COVID-19 pandemic and health crisis and the governmental and regulatory actions taken in response thereto, as well as those factors discussed in the section entitled “*Risk Factors*” in this Prospectus. Such forward-looking statements are based on a number of material factors and assumptions, including: that contracted parties provide goods and/or services on the agreed time frames; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; that no unusual geological or technical problems occur; that there is no material adverse change in the price of gold and copper. 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 to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Prospectus. 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. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

### **SCIENTIFIC AND TECHNICAL INFORMATION**

Scientific and technical information relating to the Drayton - Black Lake Project contained in this Prospectus is derived from, and in some instances is an extract from, and based on the assumptions, qualifications and procedures set out in, the Drayton - Black Lake Technical Report. Mr. Mitchell Lavery and Mr. Luke van der Meer, the Technical Report Authors, reviewed and approved the technical information relating to the Drayton - Black Lake Project contained in this Prospectus and each is a “qualified person” and “independent” of the Company within the meanings of NI 43-101.

Reference should be made to the full text of the Drayton - Black Lake Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's website, [www.heritagemining.ca](http://www.heritagemining.ca) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **THIRD PARTY INFORMATION**

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes such third-party information to be reliable, none of the Company or the Agent has independently verified any of the information or data from third party sources referred to or included in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that such market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data included throughout this Prospectus are not guaranteed and the Company and the Agent do not make any representation as to the accuracy or completeness of such information.

### **MARKETING MATERIALS**

Any “template version” of the “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities commission or similar regulatory authority in each of the provinces of British Columbia, Alberta, and Ontario, are specifically incorporated by reference into this Prospectus. In addition, any template version of any other “marketing materials” filed with the securities commission or similar regulatory authority in each of the provinces of British Columbia, Alberta, and Ontario in connection with this Offering, after the date hereof, but prior to the termination of the distribution of the Offered Securities under this Prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), will be deemed to be incorporated by reference in the (final) prospectus. Any “template version” of any “marketing materials” that are utilized



in connection with the Offering are not part of this Prospectus to the extent that the contents of the “template version” of the “marketing materials” have been modified or superseded by a statement contained in this prospectus.

### ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, and Peterson McVicar LLP, counsel to the Agent, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Regulations**”) in force as of the date hereof, the Flow-Through Shares, FT Unit Warrants, FT Warrant Shares, Unit Shares, Unit Warrants and Unit Warrant Shares if issued on the date hereof, would be “qualified investments” for trusts governed by registered retirement savings plans (“**RRSPs**”), registered education savings plans (“**RESPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), tax-free savings accounts (“**TFSAs**”), and together, with RRSPs, RESPs, RRIFs, RDSPs, “**Registered Plans**”) and deferred profit sharing plans (“**DPSPs**”), all within the meaning of the Tax Act, provided that: (i) the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the CSE); and (ii) in the case of the FT Unit Warrants and the Unit Warrants, neither the Company, nor any person with whom the Company does not deal at arm’s length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Registered Plan or DPSP.

Notwithstanding the foregoing, the holder, annuitant or subscriber of a Registered Plan, as applicable, will be subject to a penalty tax in respect of Flow-Through Shares, FT Unit Warrants, FT Warrant Shares, Unit Shares, Unit Warrants and Unit Warrant Shares held in the Registered Plan if such securities are a “prohibited investment” for the Registered Plan. A Flow- Through Share, FT Unit Warrant, FT Warrant Share, Unit Share, Unit Warrant and Unit Warrant Share generally will be a “prohibited investment” for a Registered Plan if the holder, annuitant or subscriber thereof, as applicable, does not deal at arm’s length with the Company for the purposes of the Tax Act or the holder, annuitant or subscriber thereof, as applicable, has a “significant interest” (as defined in subsection 207.01(4) the Tax Act) in the Company. The Flow-Through Shares, FT Warrant Shares, Unit Shares and Unit Warrant Shares generally will not be a prohibited investment if such securities are “excluded property” (as defined in the Tax Act) for trusts governed by a Registered Plan.

Prospective purchasers who intend to hold any of the Flow-Through Shares, FT Unit Warrants, FT Warrant Shares, Unit Shares, Unit Warrants and Unit Warrant Shares in a Registered Plan or DPSP should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

It is not expected that a Registered Plan or DPSP would purchase FT Units directly as such Registered Plans or DPSPs and the holders, annuitants, beneficiaries, or subscribers thereof, as the case may be, would not be able to use the tax deductions or credits with respect to the FT Units described under the heading “*Certain Canadian Federal Income Tax Considerations*”. Prospective purchasers who intend to acquire FT Units in a Registered Plan or DPSP are urged to consult their own tax advisors.

## DEFINITIONS

In this Prospectus, the following words and phrases have the following meanings unless the context otherwise requires:

“**2020 Flow-Through Financing**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – Year Ended December 31, 2020*” in this Prospectus.

“**Agency Agreement**” means the agreement dated ●, 2022 between the Company and the Agent in respect of the Offering.

“**Agent**” means Red Cloud Securities Inc.

“**Agent’s Commission**” means the aggregate cash fee equal to 7% of the gross proceeds of the Offering payable to the Agent pursuant to the Agency Agreement.

“**Agent Shares**” means the Common Shares issuable upon exercise of the Agent Warrants.

“**Agent Warrants**” means the warrant of the Company issuable to the Agent in connection with the Offering, entitling the holder to acquire one Agent Share at an exercise price equal to the Unit Offering Price per Agent Share until the date which is 36 months after the Closing Date, all pursuant to the terms of the Agency Agreement.

“**Alcona Gold**” means Alcona Gold Mines Ltd.

“**Alkenore Buffalo**” means Alkenore Buffalo Gold Mines Ltd.

“**Allowable capital loss**” has the meaning ascribed thereto in the section entitled “*Certain Federal Income Tax Considerations*” in this Prospectus.

“**Area of Interest**” means the area with a 3 km wide radius surrounding the entirety of the boundary of the Drayton – Black Lake Project.

“**Audit Committee**” means the audit committee of the Board.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

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

“**Bounty Agreement**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Bounty**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Bravada**” means Bravada Gold Corporation.

“**Broker Warrants**” has the meaning ascribed thereto in the section entitled “*General Development of the Business – Business of the Company – Three Year History*”.

“**Business Day**” means a day in which the banks are open for business in Toronto, Ontario.

“**Cameco**” means Cameco Gold Inc.

“**Canadian Gold**” means Canadian Gold and Metal Inc.

“**CCEE**” means cumulative Canadian exploration expense.

“**CDS**” means the CDS Clearing and Depository Services Inc.

“**Champion Bear**” means Champion Bear Resources Ltd.

“**Closing Date**” means the date on which the distribution of Offered Securities is completed, which date is expected to be on or about ● or such other date as the Company and Agent may agree.

“**Code**” means the Company’s formal code of ethical business conduct, as further described under the heading “*Report on Corporate Governance – Ethical Business Conduct*” in this Prospectus.

“**Commitment Amount**” means an amount not less than the aggregate FT Unit Offering Price.

“**Common Shares**” means common shares of the Company.

“**Company**” means Heritage Mining Ltd., a company incorporated and existing pursuant to the laws of the BCBCA.

“**Conecho**” means Conecho Mines Ltd.

“**Contact Bay Property**” means the 147 mining claims in the Contact Bay area owned or under option by the Company pursuant to the Bounty Agreement, the Woolhead Agreement, the EMX Royalties Agreement, the Transition Agreement and through staking.

“**Conwest**” means Conwest Exploration Company Ltd.

“**CNIL**” means cumulative net investment loss.

“**CRA**” means the Canada Revenue Agency.

“**Cream Silver**” means Cream Silver Mines Ltd.

“**CSE**” means the Canadian Securities Exchange Inc.

“**DPSP**” means deferred profit sharing plan, as defined in the Tax Act.

“**Drayton - Black Lake Project**” means the Drayton - Black Lake Project, as further described under the heading “*Mineral Properties – Material Property – Drayton - Black Lake Project*” in this Prospectus.

“**Drayton - Black Lake Technical Report**” means the independent technical report entitled “NI 43-101 Technical Report, Drayton - Black Lake Project, Patricia Mining District, Ontario, Canada” dated January 28, 2022 and effective as of January 14, 2022, prepared by Mitchell Lavery and Luke van der Meer, P. Geo., for the Company in accordance with NI 43-101.

“**Eligible Participant**” has the meaning ascribed thereto in the section entitled “*Options to Purchase Securities – Stock Option Plan*” in this Prospectus.

“**EMX Agreement**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**EMX Royalties**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Escrow Agreement**” has the meaning ascribed thereto in the section entitled “*Escrowed Securities*” in this Prospectus.

“**Escrow Agent**” means TSX Trust Company.

“**Escrow Holders**” means each of Peter Schloo, Patrick Mohan, James Fairbairn and Wray Carvelas.

“**Escrowed Securities**” has the meaning ascribed thereto in the section entitled “*Escrowed Securities*” in this Prospectus.

“**Expenditure Period**” means the period commencing on the Closing Date and ending on the earlier of (A) the date on which the Commitment Amount has been fully incurred in accordance with the terms of the relevant Flow-Through Subscription Agreement, and (B) December 31, 2023.

“**Exploration Expenditures**” has the meaning ascribed thereto in “*Mineral Properties – Material Property – Drayton - Black Lake Project*” in this Prospectus.

“**First Option**” has the meaning ascribed thereto in “*Mineral Properties – Material Property – Drayton - Black Lake Project*” in this Prospectus.

“**Flow-Through Shares**” means the Common Shares comprising, in part, the FT Units, each of which will qualify as a “flow-through share” as defined in subsection 66(15) of the Tax Act.

“**Flow-Through Subscription Agreements**” has the meaning ascribed thereto in the section entitled “*Plan of Distribution*” in this Prospectus.

“**FS Date**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**FT Unit Offering Price**” means \$0.30 per FT Unit.

“**FT Units**” means the flow-through units of the Company offered pursuant to the Offering, each FT Unit consisting of one Flow-Through Share and one FT Unit Warrant.

“**FT Unit Warrants**” means the warrants of the Company comprising, in part, the FT Units, each of which is exercisable to acquire one FT Warrant Share at an exercise price of \$● for a period of 36 months after the Closing Date, all in accordance with the terms and conditions of the Warrant Indenture.

“**FT Warrant Shares**” means the Common Shares issuable upon the exercise of the FT Unit Warrants.

“**FTME Credit**” has the meaning ascribed thereto in the section entitled “*Certain Canadian Income Tax Considerations – Qualifying Expenditures*” in this Prospectus.

“**Goliath Gold Complex**” means Treasury Metals Goliath Gold Complex.

“**Governance Guidelines**” means NI 58-201 and NP 58-101.

“**Great White Capital Agreement**” has the meaning ascribed thereto in the section entitled “*Executive Compensation – Employment, Consulting and Management Agreements*” in this Prospectus.

“**Group Ten**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Group Ten Option Agreement**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Harrigan Cove Property Option Agreement**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2020*” in this Prospectus.

“**Heritage Properties**” means the Drayton – Black Lake Project and the Contact Bay Property, as further described in the section entitled “*General Development of the Business – Business of the Company*” in this Prospectus.

“**IFRS**” means International Financial Reporting Standards.

“**Listing Date**” means the date on which the Common Shares are listed on the CSE.

“**Maximum Offering**” means \$●, the maximum aggregate gross proceeds that may be raised under the Offering.

“**Maximum Offering Required Unit Amount**” means \$●, the minimum aggregate gross proceeds that must be raised under the Maximum Offering from subscribers for Units.

“**Minimum Offering**” means \$●, the minimum aggregate gross proceeds that must be raised under the Offering.

“**Minimum Offering Required Unit Amount**” means \$●, the minimum aggregate gross proceeds that must be raised under the Minimum Offering from subscribers for Units.

“**Mining Act**” means the *Mining Act* (Ontario).

“**Named Executive Officers**” has the meaning ascribed thereto under NI 51-102.

“**NGOs**” means non-governmental organizations, public interest groups and reporting organizations.

“**Noranda**” means Noranda Mines Ltd.

“**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 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.

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

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines* of the Canadian Securities Administrators.

“**NSR**” means net smelter return royalty.

“**NWT Copper**” means NWT Copper Mines Ltd.

“**Offered Securities**” means, collectively, the FT Units and the Units offered pursuant to the Offering.

“**Offering**” means the offering of the Offered Securities, as qualified by this Prospectus.

“**Offering Warrants**” means the FT Unit Warrants and the Unit Warrants collectively.

“**Placer Dome**” means Placer Dome Canada Ltd.

“**Principal**” has the meaning ascribed thereto under NI 46-201.

“**Property**” means Drayton – Black Lake Project.

“**Proposed Amendments**” means all specific proposals to amend the Tax Act or the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**Qualification Date**” means the date that a receipt for this Prospectus in final form is issued by the securities regulatory authorities in the Qualifying Jurisdictions.

“**Qualified Compensation Securities**” has the meaning ascribed thereto under NI 41-101.

“**Qualified Compensation Securities Limit**” has the meaning ascribed thereto under NI 41-101.

“**Qualified Person**” has the meaning ascribed thereto under NI 43-101.

“**Qualifying Expenditures**” means resource exploration expenses which will constitute “Canadian exploration expenses” as defined in subsection 66.1(6) of the Tax Act, and “flow-through mining expenditures” as defined in subsection 127(9) of the Tax Act.

“**Qualifying Jurisdictions**” means the provinces of British Columbia, Alberta, and Ontario.

“**RDSP**” means registered disability savings plan, as defined in the Tax Act.

“**Registered Plan**” mean each of RRSP, RESP, RRIF, RDSP and TFSA.

“**Regulations**” means the regulations under the Tax Act.

“**RESP**” means registered education savings plan, as defined in the Tax Act.

“**Riives**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the period after December 31, 2021, to the date of this Prospectus*” in this Prospectus.

“**Riives Option Agreement**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the period after December 31, 2021, to the date of this Prospectus*” in this Prospectus.

“**RRIF**” means registered retirement income funds, as defined in the Tax Act.

“**RRSP**” means registered retirement savings plan, as defined in the Tax Act.

“**Rubicon**” means Rubicon Minerals Corp.

“**Second Option**” has the meaning ascribed thereto in *Mineral Properties – Material Property – Drayton - Black Lake Project*” in this prospectus.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval, accessible through the internet at [www.sedar.com](http://www.sedar.com).

“**Stock Option Plan**” means the Company’s stock option plan, as further described in the section entitled “*Options to Purchase Securities – Stock Option Plan*” in this Prospectus.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Taxable capital gain**” has the meaning ascribed thereto in the section entitled “Certain Federal Income Tax Considerations” in this Prospectus.

“**Technical Report Authors**” means Mitchell Lavery, P. Geo., a Qualified Person and Luke van der Meer, P. Geo. a Qualified Person, both the authors of the Drayton - Black Lake Technical Report.

“**TFSA**” means tax-free savings account, as defined in the Tax Act.

“**Thompson**” means Walter Thompson.

“**Transition Agreement**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Transition**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Unit Offering Price**” means \$● per Unit.

“**Unit Share**” means one common share of the Company.

“**Unit Warrants**” means the warrants of the Company comprising, in part, the Units, each of which is exercisable to acquire one Warrant Share at an exercise price of \$● for a period of 36 months after the Closing Date, all in accordance with the terms and conditions of the Warrant Indenture.

“**Unit Warrant Shares**” means the common shares of the Company acquired pursuant to Unit Warrants.

“**Units**” means the units of the Company offered pursuant to the Offering, each Unit consisting of one Unit Share and one Unit Warrant.

“**U.S. Securities Act**” means the *United States Securities Act* of 1933, as amended, and the rules and regulations promulgated thereunder from time to time.

“**Warrant Agent**” means TSX Trust Company, in its capacity as warrant agent pursuant to the terms and conditions of the Warrant Indentures.

“**Warrant Indenture**” means the warrant indenture to be dated on or about the Closing Date between the Company and the Warrant Agent governing the terms and conditions of the FT Unit Warrants and the Unit Warrants.

“**Warrant Shares**” means the Common Shares issuable upon exercise of the Unit Warrants.

“**Woolhead Agreement**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Woolhead**” has the meaning ascribed thereto in the section entitled “*General Development of the Company – Business of the Company – Three Year History – During the year ended December 31, 2021*” in this Prospectus.

“**Wright-Hargreaves**” means Wright-Hargreaves Mines Ltd.

“**Zarn Lake Claims**” means the 40 mining claims under option pursuant to the Riives Option Agreement.

Words importing the singular number only, include the plural and vice versa, and words importing any gender include all genders.

## GLOSSARY OF TECHNICAL TERMS

Ag	Silver
Airborne E.M.	Airborne electromagnetic
ALS	ALS Laboratories
As	Arsenic
ATV	all-terrain vehicle
Au	Gold
°C	degrees Celsius
Can\$	Canadian Dollar
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
CIRNAC	Crown Indigenous Relations and Northern Affairs Canada cm
CO <sub>2</sub>	Carbon Dioxide
Cu	Copper
DDH	diamond drillhole
DIAND	Department of Indian Affairs and Northern Development
EM	Electromagnetic
EM-VLF	Very-low-frequency electromagnetic
Eq	Equivalent
g	grams
g/t	grams per tonne
GA	Gallium
GIS	Geographic Information System Mapping
GSC	Geological Survey of Canada
GQG	Greenstone Quartz-Carbonate
ICP-MS	inductively coupled plasma-mass spectrometry
K <sub>2</sub> O	Potassium oxide
km	kilometre
koz	thousand troy ounces
kW	kilowatt hours
lbs	pounds
m	metre
M	million
MLAS	Mining Lands Administration System
Na <sub>2</sub> O	Sodium oxide
NaCl	Sodium chloride
Na-K	Sodium Potassium
oz	troy ounce
Pb	Lead
ppb	part per billion

ppm	part per million
QP	Qualified Person(s)
RCH	reverse circulation drill hole
RQD	Rock Quality Designation
S	Sulfur
Sb	Antimony
SRM	standard reference material
Te	Tellurium
TMI	Total Magnetic Intensity
US\$	United States Dollar
W	Tungsten
Zn	Zinc



## PROSPECTUS SUMMARY

*This summary highlights principal features of the Offering and is qualified in its entirety by, and should be read together with, the more detailed information and financial data and statements contained elsewhere in this Prospectus. This summary does not contain all of the information you should consider before investing in Offered Securities. You should read this entire Prospectus carefully, especially the “RiskFactors” section of this Prospectus and the financial statements and related notes appearing elsewhere in this Prospectus, before making an investment decision. Capitalized terms not otherwise defined herein, have the meaning given to them in the “Definitions” section and the “Glossary of Technical Terms” section in this Prospectus.*

### THE COMPANY

The Company was incorporated under the *Business Corporations Act* (British Columbia) on October 18, 2019, and is engaged in the identification, acquisition, evaluation and exploration of mineral properties in Ontario, Canada. The Company’s sole material property is its interest in the “**Drayton - Black Lake Project**” consisting of 720 mining claims located in the Patricia Mining District, Ontario and the Zarn Lake Claims and referred to herein as the “**Drayton - Black Lake Project**” or the “**Property**”. The Company is focused on exploring and developing the “**Heritage Properties**”, consisting of the Property and the Contact Bay Property (as defined herein). The Company has not determined whether its properties contain mineral resources or mineral reserves. See “*The Company*”.

#### ***The Drayton - Black Lake Project***

The Drayton - Black Lake Project consists of 720 mining claims located in the Patricia Mining Division totaling approximately 14,921.18 hectares; however, the actual Property area is closer to 14,220.83 ha, due to overlapping mineral tenures (~700.35 ha) that do not form part of the Property and 60 boundary claims of reduced area. It is located in the Zarn Lake and Sharron Lake Areas, and Drayton and Benedickson Townships and it is situated in the Patricia Mining Division of Ontario. The Drayton - Black Lake Project is located approximately 260 km northwest of the city of Thunder Bay, Ontario and approximately 25 km east of the town of Sioux Lookout, Ontario.

#### ***Contact Bay Property***

The Company has consolidated approximately 4,700 Ha land package within the Contact Bay Area 14.5 km directly south of Dryden, Ontario consisting of 147 mining claims owned by the Company (the “**Contact Bay Property**”). The project is exploration stage. The Contact Bay Property adjoins an exploration project operated by a subsidiary of Kinross Gold Corporation.

### BUSINESS OBJECTIVES AND MILESTONES

The Company plans to utilize a minimum of \$● from the proceeds of the Offering on exploration and approximately \$● from the proceeds of the Offering on overhead for a period of 12 months from the date of completion of the Offering. The exploration would consist of the following listed below:

Budget	Minimum	Maximum
<b>Data Base Consolidation</b>	●	●
<b>First Nation Relations</b>	●	●
<b>Airborne EM &amp; Mag</b>	●	●
<b>Ground EM, Mag &amp; I.P. (including line-cutting)</b>	●	●
<b>Geological Evaluations (Prospecting, Mapping, Geochemical, Till)</b>	●	●
<b>Mechanical Rock Stripping</b>	●	●
<b>Diamond Drilling 40,000 meters (Max over 4 years)</b>	●	●
<b>Assaying</b>	●	●

Budget	Minimum	Maximum
Reports	●	●
Yearly Planning	●	●
Total	●	●

The Company's near-term milestones are:

- Systematically develop drill targets through data base consolidation, airborne and groundwork (Q2 to Q3 2022)
- Drill Targets Q4 2022
- Continue raising funds to strengthen the Company's ability to define gold mineralization (deposits) on the Drayton - Black Lake Project and gold resources on the other Heritage Properties.

There is no assurance the foregoing goals and objectives will be achieved. See "*Risk Factors*".

### THE OFFERING

This preliminary prospectus ("**Prospectus**") is being filed by the Company to qualify for distribution of (i) up to ● FT Units to be issued at the FT Unit Offering Price; and (ii) up to ● Units to be issued at the Unit Offering Price, in any combination to raise minimum aggregate gross proceeds of \$● or maximum aggregate gross proceeds of \$●, provided that a minimum of ● Units must be sold under the Minimum Offering for aggregate gross proceeds of \$● and a minimum of ● Units must be sold under the Maximum Offering for aggregate gross proceeds of \$●.

Each FT Unit will consist of one Flow-Through Share, each of which will qualify as a "flow-through share" as defined in subsection 66(15) of the Tax Act, and one FT Unit Warrant to acquire one Warrant Share at an exercise price of \$● until 5:00 p.m. (Toronto time) on the date which is 36 months after the Closing Date. The FT Unit Warrant will qualify as a "flow-through share" as defined in subsection 66(15) of the Tax Act. The FT Warrant Share will not qualify as a "flow-through share" as defined in subsection 66(15) of the Tax Act.

Each Unit will consist of one Unit Share and one Unit Warrant to acquire one Unit Warrant Share at an exercise price of \$● until 5:00 p.m. (Toronto time) on the date which is 36 months after the date of the Closing Date.

The FT Unit Warrants and the Unit Warrants will be governed by the Warrant Indenture to be entered into on or before the Closing Date between the Company the Warrant Agent. See "*Description of Securities Being Distributed*".

The Agent will receive a cash commission of 7% of the gross amount raised pursuant to the Offering, including in respect of any exercise of the Over-Allotment Option. In addition, the Agent will receive Agent Warrants entitling the Agent to purchase that number of Agent Shares that is equal to 7% of the number of Offered Securities issued pursuant to the Offering, including in respect of any exercise of the Over-Allotment Option. Each Agent Warrant entitles the holder to purchase one Agent Share at the Unit Offering Price for a period of 36 months after the Closing Date. See "*Plan of Distribution*".

The Company has granted the Agent the Over-Allotment Option, exercisable by the Underwriters in whole or in part, at its sole discretion, upon giving written notice to the Company at any time up to 30 days after the Closing Date, to purchase up to ● Additional Securities at the Unit Price, representing 15% of the number of Units sold under the Offering, on the same terms and conditions as the Units issued under the Offering, exercisable in whole or in part from time to time, to cover over-allotments, if any, and for market stabilization purposes. The grant of the Over-Allotment Option and the securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus. A purchaser who acquires Additional Securities forming part of the Over-allotment acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The closing of the Offering is expected to occur on or about ● or such later date as the Company and the Agent may agree.

The Company will apply to the CSE for the listing of the Common Shares concurrently with the filing of this Prospectus. Such listing is subject to approval by the CSE of the Company's listing application and fulfillment by the Company of

all of the requirements and conditions of the CSE. The CSE has not conditionally approved the listing of the Common Shares and there is no assurance that the CSE will approve the Company's listing application. See "Risk Factors" and "Plan of Distribution".

As at the date of this Prospectus there are 18,202,229 Common Shares issued and outstanding.

### Use of Proceeds

Assuming that there is no exercise of the Over-Allotment Option, the estimated net proceeds to the Company from the Minimum Offering are estimated to be \$● and from the Maximum Offering are estimated to be \$●, in each case after deducting the estimated expenses of the Offering of \$● to be paid out of the proceeds of the Offering. The net proceeds of the Offering will be used for the principal purposes outlined below. Following the completion of the Offering, the Company intends to use available funds to execute exploration programs and other studies on the Drayton - Black Lake Project with the goal of \$●. The following table sets forth the Company's proposed use of all available funds following completion of the Offering. See "Use of Proceeds".

Principal Purpose	Estimated Amount to be Expended	
	Minimum Offering	Maximum Offering
Drayton - Black Lake Project <sup>(1)</sup>	\$●	\$●
Contact Bay Property	\$●	\$●
General and Administrative expenses for 12 months <sup>(2)</sup>	\$●	\$●
Unallocated working capital	\$●	\$●
Total	\$●	\$●

Notes:

- (1) See "Mineral Properties – Material Property – Drayton - Black Lake Project – Recommendations – Cost Estimates" for further details regarding the work recommended for Phase I and Phase II recommended programs and a breakdown of the estimated costs of such work.
- (2) General and administrative expenses are comprised of general administrative, investor relations and promotions and legal, regulatory and professional fees.

The Company intends to use the net proceeds of the Offering as stated in this Prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary. See "Use of Proceeds".

### Risk Factors

An investment in the Offered Securities is highly speculative and involves significant risks which should be carefully considered by prospective investors before purchasing such securities. These risks include:

- The Company's exploration projects may not be successful, are highly speculative in nature, and may not ever result in the development of a producing mine.
- The Company will be primarily dependent on the results of the Drayton - Black Lake Project.
- Commodity price volatility may adversely affect the Company.
- The Company has no mineral resources or mineral reserves.
- The Company will require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to the Company.
- The Company relies on its management team and outside contractors and the loss of one or more of these persons may adversely affect the Company.
- Certain directors and officers may have conflicts of interest.
- The Company may be subject to risks relating to the global economy.

- The Company’s operations are subject to operational risks and hazards inherent in the mining industry.
- The Company has no history of mineral production.
- There is no assurance that title to mineral properties will not be challenged.
- The Company is subject to a number of inherent exploration risks.
- Government regulations may have an adverse effect on the Company’s exploration and future development activities and operations.
- Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.
- COVID-19 outbreak.
- The Company’s insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.
- Environmental and other regulatory requirements may adversely affect the Company.
- The Company faces significant competition for attractive mineral properties.
- The Company has a limited operating history and no history of earnings, positive cash flow or dividend payments.
- The Common Shares do not trade on any exchange and may experience substantial volatility.
- Management will have discretion concerning the use of proceeds of the Offering and timing of expenditures.

See “*Risk Factors*”.

#### **Selected Historical Financial Information**

The following table sets forth selected financial information as at and for the fiscal years ended December 31, 2021 and December 31, 2020 and has been derived from the financial statements, in each case, prepared in accordance with IFRS and included elsewhere in this Prospectus which have been audited by the auditor of the Company, Crowe MacKay LLP - Vancouver.

Prospective investors should review this information in conjunction with the financial statements including the notes thereto as well as the sections entitled “*Management’s Discussion and Analysis*”, “*Use of Proceeds*”, “*Consolidated Capitalization*”, “*Description of Material Indebtedness*” and “*Description of Share Capital*” included elsewhere in this Prospectus.

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

The following table provides selected financial data for the periods and years indicated.

	<b>Year Ended December 31,</b>	
	<b>2021 (audited) (\$)</b>	<b>2020 (audited) (\$)</b>
Revenue	nil	nil
Current Assets	1,089,654	813,096
Total Assets	1,091,154	814,596
Current Liabilities	88,651	58,961
Total Liabilities	88,651	58,961
Deficit	750,495	295,106

Net Loss per Common Share (basic and diluted)	0.03	0.06
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## THE COMPANY

The Company is engaged in the identification, acquisition, evaluation and exploration of mineral properties in Ontario, Canada. The Company's sole material property is the "**Drayton - Black Lake Property**" consisting of 720 mining claims located in the Patricia Mining District, Ontario and the Zarn Lake Claims and referred to herein as the "**Drayton - Black Lake Project**" or the "**Property**". The Company has not determined whether its properties contain mineral resources or mineral reserves.

### **Incorporation and Offices**

The Company was incorporated under the BCBCA on October 18, 2019. The Company's head office is located at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The Company's registered and records office is located at 1700-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

The Company does not have any subsidiaries.

## GENERAL DEVELOPMENT OF THE BUSINESS

### **Business of the Company**

Since the Company's incorporation under the BCBCA on October 18, 2019, the Company has focused on the acquisition and subsequent exploration of its gold and copper mineral properties located in Canada. The Company holds its interest with respect to the Drayton - Black Lake Project through two option agreements, as described in greater detail below. The Company also holds an interest in the 147 mining claims making up the Contact Bay Property (collectively, the Drayton - Black Lake Project and the Contact Bay Property, the "**Heritage Properties**").

The Company acquired its interest in the Heritage Properties from multiple private and public parties, in addition with staking in a series of transactions as described below.

The Drayton - Black Lake Project is the Company's sole material property. For a description of each Heritage Property, including the Drayton - Black Lake Project, see the section entitled "*Mineral Properties*" in this Prospectus.

### **Three Year History**

The following is a summary of the Company's corporate and financing activities during each of the three most recently completed financial years and for the subsequent period ending on the date of this Prospectus.

#### During the period ended December 31, 2019:

On October 18, 2019, the Company incorporated and issued one Common Share at a price of \$0.05.

#### During the year ended December 31, 2020:

On May 22, 2020, the Company completed an equity financing involving the issuance of 2,399,993 units in the capital of the Company, at a price of \$0.0375 per unit for aggregate proceeds of \$90,000 with each unit consisting of one common share and one warrant entitling the holder to purchase one additional common share at an exercise price of \$0.075 for a period of five (5) years from the closing date of the financing. The Company also issued 266,666 Common Shares to Wray Carvelas as compensation for services rendered to the Company.

On August 14, 2020, the Company completed an equity financing involving the issuance of 7,866,645 common shares at a price of \$0.075 per common share for aggregate gross proceeds of \$589,998. In connection with the financing, the Company paid a finder's fee through the issuance of 109,600 Broker Warrants entitling the holder to purchase one additional common share at an exercise price of \$0.075 until August 14, 2022 and cash payments in the aggregate of \$3,000.

On September 1, 2020, the Company entered into an option agreement to acquire a 100% interest in the Harrigan Cove Property from Tower Resources Inc. and Rainbow Resources Limited (the "**Harrigan Cove Property Option Agreement**"). To earn its 100% interest in the property, the Company paid \$5,000 cash upon signing the letter of intent and \$40,000 on signing the definitive agreement, and is required to make annual staged option payments starting in the first anniversary of the effective date totaling \$320,000 cash and 300,000 Common Shares of the Company over a two-year period as follows:

- pay \$40,000 in cash on the date of the Harrigan Cove Property Option Agreement;

- pay \$80,000 in cash on or before the first anniversary of the Harrigan Cove Property Option Agreement;
- pay \$200,000 in cash on or before the second anniversary of the Harrigan Cove Property Option Agreement; and
- issue 300,000 Common Shares of the Company on or before the second anniversary of the Harrigan Cove Property Option Agreement.

On October 30, 2020, the Company completed the first tranche of its \$750,000 private placement financing and issued 571,758 flow-through units in the capital of the Company at a price of \$0.17 for aggregate proceeds of \$97,199. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.20 for a period of three (3) years from the closing date of the financing; and 140,001 non flow-through units in the capital of the Company at a price of \$0.15 per unit for aggregate proceeds of \$21,000. Each non flow-through unit consists of one non flow-through common share and one warrant with each warrant entitling the holder to purchase one common share at an exercise price of \$0.20 for a period of three (3) years from the closing date of the closing date of the financing.

On November 19, 2020, the Company completed the second tranche and issued an additional 483,253 flow-through units for gross proceeds of \$82,153.01 and an additional 89,667 non flow-through units for gross proceeds of \$13,450.05.

During the year ended December 31, 2021:

On February 19, 2021, the Company completed the third and final tranche and issued an additional 551,902 flow-through units for gross proceeds of \$93,823 and an additional 3,271,340 units for gross proceeds of \$490,701. In connection with the financing, the Company paid a finder's fee through the issuance of 105,084 Broker Warrants entitling the holder to purchase one additional Common Share at an exercise price of \$0.20 until February 19, 2024 and cash payments in the aggregate of \$10,090.

On September 21, 2021, the Company terminated the Harrigan Cove Option Agreement.

On October 15, 2021, the Company entered into an asset purchase agreement (the "**Bounty Agreement**") to acquire a 100% interest in 11 mining claims forming part of the Contact Bay Property from Bounty Gold Corp. ("**Bounty**"). To earn its 100% interest in the property, the Company paid Bounty \$2,000 upon signing the Bounty Agreement and is required to issue Bounty an amount equal to \$8,000 of Common Shares of the Company upon the closing of the Offering.

On October 22, 2021, the Company entered into an asset purchase agreement (the "**Woolhead Agreement**") to acquire a 100% interest in four mining claims forming part of the Contact Bay Property from Scott Woolhead ("**Woolhead**"). The Company paid \$2,500 in cash to Woolhead upon signing the Woolhead Agreement to acquire the four mining claims.

On November 25, 2021, the Company entered into an option agreement (the "**Group Ten Option Agreement**") to acquire up to a 90% interest in the Drayton - Black Lake Project from Group Ten Metals Inc. ("**Group Ten**"). To earn its 90% interest in the Property, the Company paid Group Ten \$20,000 upon signing the letter of intent and is required to make staged option payments, common share issuances and minimum spend requirements over a four-year period. To earn a 51% interest in the Property, the Company must:

- issue Group Ten 2,800,000 Common Shares of the Company within ten (10) Business Days of the Company's Common Shares being listed on a stock exchange;
- pay Group Ten \$150,000 in cash, issue Group Ten 1,100,000 Common Shares of the Company and incur \$500,000 in project expenditures on or before the first anniversary of the Group Ten Option Agreement;
- pay Group Ten an additional \$150,000 in cash, issue Group Ten an additional 1,100,000 Common Shares of the Company and incur an additional \$1,000,000 in project expenditures on or before the second anniversary of the Group Ten Option Agreement; and
- issue Group Ten an additional 1,100,000 Common Shares of the Company and incur an additional \$1,000,000 in project expenditures on or before the third anniversary of the Group Ten Option Agreement.

To earn an additional 39% interest in the Drayton - Black Lake Project (for an aggregate 90% interest in the Property), the Company must:

- issue Group Ten an additional 1,100,000 Common Shares of the Company and incur an additional \$2,500,000 in project expenditures on or before the fourth anniversary to earn 90% interest in the Property by the fourth anniversary of the Group Ten Option Agreement.

Group Ten will be required to spend \$300,000 at the Drayton - Black Lake Project on or before the first anniversary of the Group Ten Option Agreement. If Group Ten fails to spend \$300,000 on the Property on or before such date, the amount of any shortfall will result in a dollar for dollar decrease to the Company's obligation to incur \$500,000 in Exploration Expenditures before the first-year anniversary of the Group Ten Option Agreement.

Group Ten is also entitled to a cash payment upon the establishment of any mineral resources in the Drayton - Black Lake Project as set out in a technical report filed pursuant to NI 43-101 equal to \$1.00 per ounce of gold equivalent capped at \$10,000,000.

The Company must spend a minimum of \$500,000 per year through to the presentation of a feasibility study on the Drayton - Black Lake Project (the date of such feasibility study, the "**FS Date**"). On the FS Date, the parties will enter a joint venture agreement with respect to their then respective ownership interests in the Drayton - Black Lake Project based on the terms set out in schedule B to the Group Ten Option Agreement. Each party will be required to fund its pro rata share of expenditures in advancing the Drayton-Black Lake Project or suffer dilution. If either party's interest is diluted below 5%, its interest will be converted into an NSR as described in greater detail under "*Mineral Properties – Material Property – Drayton-Black Lake Project*".

On December 6, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest (the "**EMX Agreement**") in 15 mining claims forming part of the Contact Bay Property from EMX Properties (Canada) Inc. ("**EMX Royalties**"). To acquire a 100% interest in the 15 mining claims, the Company paid EMX Royalties \$15,000 upon signing the EMX Agreement. EMX Royalties retains a 3% NSR with a 1% buyback provision for \$1,500,000. Annual advanced royalties are due to EMX Royalties beginning on the third anniversary of the EMX Agreement in the amount of \$10,000 per year (Common Shares of the Company or cash at the Company's discretion) until a maiden resource is issued, after that time an annual royalty of \$25,000 (Common Shares of the Company or cash at the Company's discretion) is payable by the Company to EMX Royalties until production occurs on the 15 mining claims. EMX Royalties is entitled to milestone bonus payments in cash or Common Shares of the Company at the Company's discretion following the announcements listed below:

- \$100,000 on announcement of maiden resource;
- \$250,000 on completion of preliminary economic assessment;
- \$350,000 on completion pre-feasibility study; and
- \$500,000 on completion on feasibility study.

On December 15, 2021, the Company entered into an option agreement (the "**Transition Agreement**") to acquire a 100% interest in 12 mining claims forming part of the Contact Bay Property from Transition Metals Corp. ("**Transition**"). To earn its 100% interest in these 12 mining claims, the Company paid Transition \$10,000 upon signing the Transition Agreement and is required to pay Transition an additional \$10,000 in cash and issue an amount equal to \$25,000 of Common Shares of the Company upon the Company becoming a reporting issuer or having its Common Shares listed for trading on a stock exchange or over-the-counter market. Transition retains a 2% NSR with a 0.5% buyback provision for \$1,000,000.

On December 31, 2021, the Company completed an equity financing and issued 1,047,003 flow-through units for gross proceeds of \$314,101. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.40 for a period of three (3) years from the closing date of the financing. In connection with the financing, the Company paid a finder's fee through the issuance of 11,900 Broker Warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 until December 31, 2024 and aggregate cash payments of \$3,570.

During the period after December 31, 2021, to the date of this Prospectus:

On January 6, 2022, the Company entered into an option agreement with Paul Riives ("**Riives**") to acquire a 100% interest in the Zarn Lake Claims contiguous with the Drayton - Black Lake Project (the "**Riives Option Agreement**"). To earn a 100% interest in the Zarn Lake Claims, the Company paid Riives \$20,000 upon signing the Riives Option



Agreement and is required to make staged option payments, Common Share issuances and minimum spend requirements over a three-year period as follow to earn a 100% interest in the Zarn Lake Claims:

- issue Riives an amount equal to \$50,000 in Common Shares of the Company upon the listing of the Common Shares on a stock exchange;
- pay Riives an additional \$10,000 cash, issue Riives an additional amount equal to \$25,000 of Common Shares of the Company and incur an additional \$50,000 in project expenditures on or before the first anniversary;
- pay Riives an additional \$20,000 cash, issue Riives an additional amount equal to \$25,000 of Common Shares of the Company and incur an additional \$100,000 in project expenditures on or before the second anniversary; and
- pay Riives an additional \$70,000 cash, issue Riives an additional amount equal to \$50,000 of Common Shares of the Company and incur an additional \$250,000 in project expenditures on or before the third anniversary.

Riives retains a 2% NSR on the Property with a buy back of 1% for \$1,000,000 and an advanced royalty payment of \$1,000 per year after the Company commences commercial production in the Zarn Lake Claims.

On January 26, 2022, the Company completed an equity financing and issued 1,514,000 units for gross proceeds of \$378,500. Each unit consists of one Common Share and one warrant entitling the holder to purchase an additional Common Share at an exercise price of \$0.40 for a period of three (3) years from the closing date of the financing. In connection with the financing, the Company paid a finder's fee through the issuance of 42,000 Broker Warrants entitling the holder to purchase one additional Common Share at an exercise price of \$0.40 for a period of three (3) years from the closing date of the financing and aggregate cash payments of \$10,500.

### ***Specialized Skill and Knowledge***

Specialized knowledge and experience are required of those working in the mining industry. The Company has the necessary skilled personnel to conduct its operations. Peter Schloo, the President and Chief Executive Officer and a Director of the Company, Patrick Mohan, the Chairman of the Company, James Fairbairn, the Chief Financial Officer and a Director of the Company and Wray Carvelas, independent director of the Company, all have extensive domestic and international experience in precious mineral exploration. See section entitled "*Directors and Executive Officers – Director and Management Biographies*" in this Prospectus.

The Company may be adversely impacted if increased demands from its personnel lead to work stoppages or the Company is unable to retain a sufficient number of qualified personnel for such operations. See the section entitled "*Risk Factors*" in this Prospectus.

### **Competitive Conditions**

The mineral exploration industry is competitive, with many companies competing for the limited number of precious metals acquisition and exploration opportunities that are economic under current or foreseeable metals prices, as well as for available investment funds. Competition is also high for the recruitment of experienced and qualified personnel and for the sourcing of materials, equipment and supplies in connection with exploration and development operations. Significant and increasing competition exists for mineral opportunities in Ontario and elsewhere and there are a number of large, established mineral exploration companies with substantial capabilities and greater financial and technical resources than the Company. See "*Risk Factors*".

### **Government Regulation**

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

### **Environmental Regulation**

The Company's mineral exploration activities are subject to various federal and provincial laws and regulations governing protection of the environment. In general, these laws are amended often and are becoming more restrictive. Various levels of government controls and regulations address, among other things, the environmental impact of exploration, development, mining and mineral processing operations. With respect to the regulation of exploration, development, mining and processing, legislation and regulations in Ontario establish performance standards, air and water quality emission standards and other design or operational requirements for various components of operations,

including health and safety standards. Legislation and regulations also establish requirements for decommissioning, reclamation and rehabilitation of mining properties following the cessation of operations, and may require that some former mining properties be managed for long periods of time.

## **Employees**

As of the date of this Prospectus, the Company had no employees and 14 consultants or personnel providing their services to the Company through management services agreements.

## **MINERAL PROPERTIES**

### **Material Property**

#### ***Drayton - Black Lake Project***

##### *Current Technical Report*

Technical information in this section relating to the Drayton - Black Lake Project is derived from, and in some instances is an extract from, the Drayton - Black Lake Technical Report. All technical information within this section has been reviewed and approved by the Technical Report Authors in their capacity as Qualified Persons under NI 43-101. Table numbers and figure numbers correspond to the table numbers and figure numbers indicated in the Drayton - Black Lake Technical Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Drayton - Black Lake Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The information upon which the Drayton - Black Lake Technical Report is based was obtained by the Technical Report Authors from both public records and data provided by the Company. This Drayton - Black Lake Technical Report is based upon published and unpublished data, primarily from geological reports.

##### *Property Description, Location and Access*

### **Location and Access**

The Drayton - Black Lake Project is located in the Zarn Lake and Sharron Lake areas, and Drayton and Benedickson Townships. The Property is situated in the Patricia Mining Division of Ontario. The Property is located approximately 260 km northwest of the city of Thunder Bay, Ontario and approximately 25 km east of the town of Sioux Lookout, Ontario.

The climate is typical of northwestern Ontario with extreme temperature ranges. A typical temperature range for the winter months is -8°C to -24°C with extreme lows of -40°C and beyond. In the summer months, a typical temperature range would be 10°C to 25°C with extreme highs of 35°C. The average annual rainfall for the area is 586.8mm and the average annual snowfall is 138.9cm.

The Drayton - Black Lake Project can be accessed from Thunder Bay, Ontario by travelling west on Highway 11/17 until the turnoff for Highway 72 which travels north towards Sioux Lookout. From Sioux Lookout, the Drayton - Black Lake Project can be accessed by following Highway 642 east for approximately 10 km and then up the Botsford logging road for approximately 12 km; access after this point is via numerous logging roads and all-terrain vehicle ("ATV") trails. Alternatively, the Property can also be accessed by boat.

The Drayton - Black Lake Project is predominantly characterized by typical Canadian Shield topography of lakes, low lying swampy drainages and flats over 60% of the area, and raised rocky ridges and overburden covered hills over 40% of the area. Overburden is thin to moderately thick glaciofluvial and glaciolacustrine sediments that are overlain by eolian sands and gravels. Outcrop and local boulder patches are common along the ridges.

Vegetation within the topographically low areas consists of moderately sized cedar swamps and cedar forests with dwarf birch and willow brush. The topographically higher areas comprise areas of cedar, jack-pine, spruce, white and rock maple, poplar, and balsam with patchy dwarf willow.

Much of the claim area has been logged, and recently a powerline corridor approximately 75 m wide has been cut on a north-easterly trend across the central and northern portions of the Drayton - Black Lake Project.

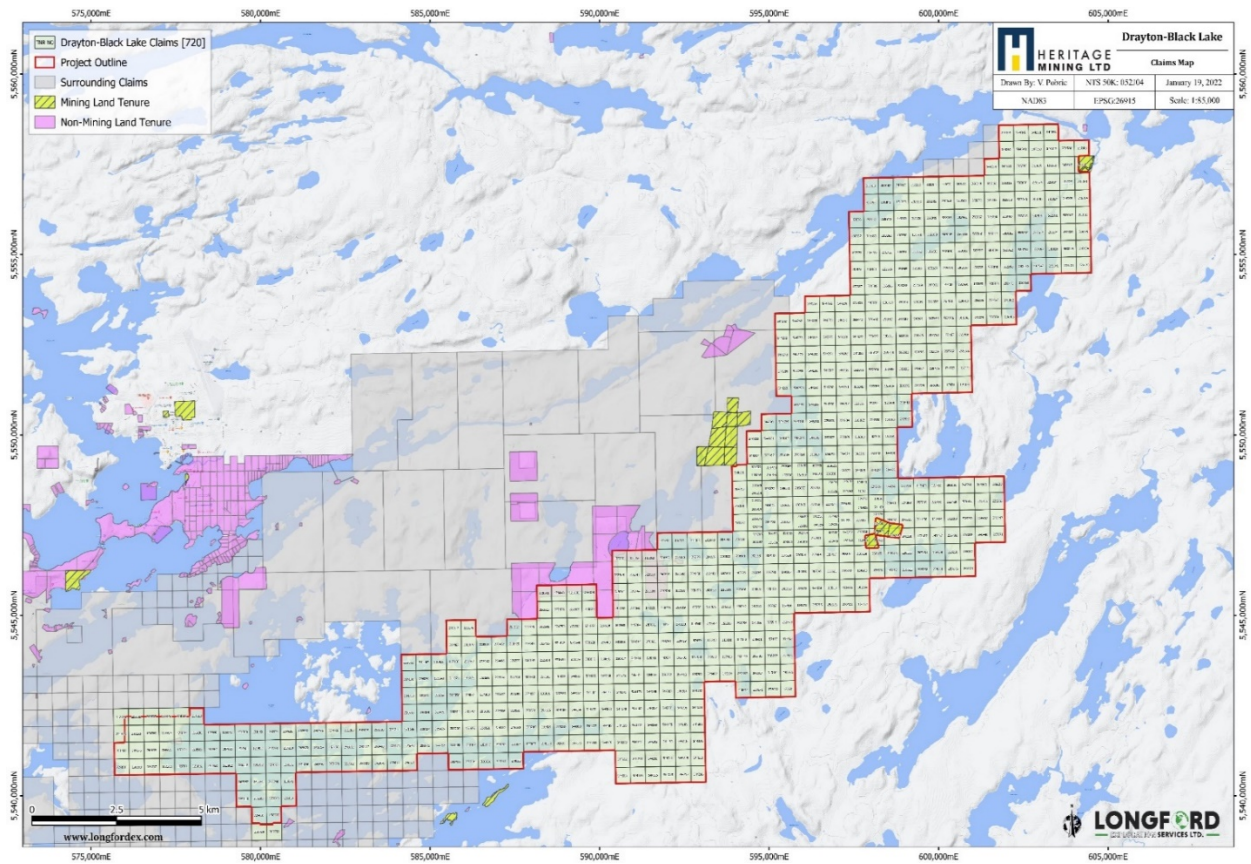


Figure 4.1: Drayton - Black Lake Project Claims

## Interest in the Drayton - Black Lake Project

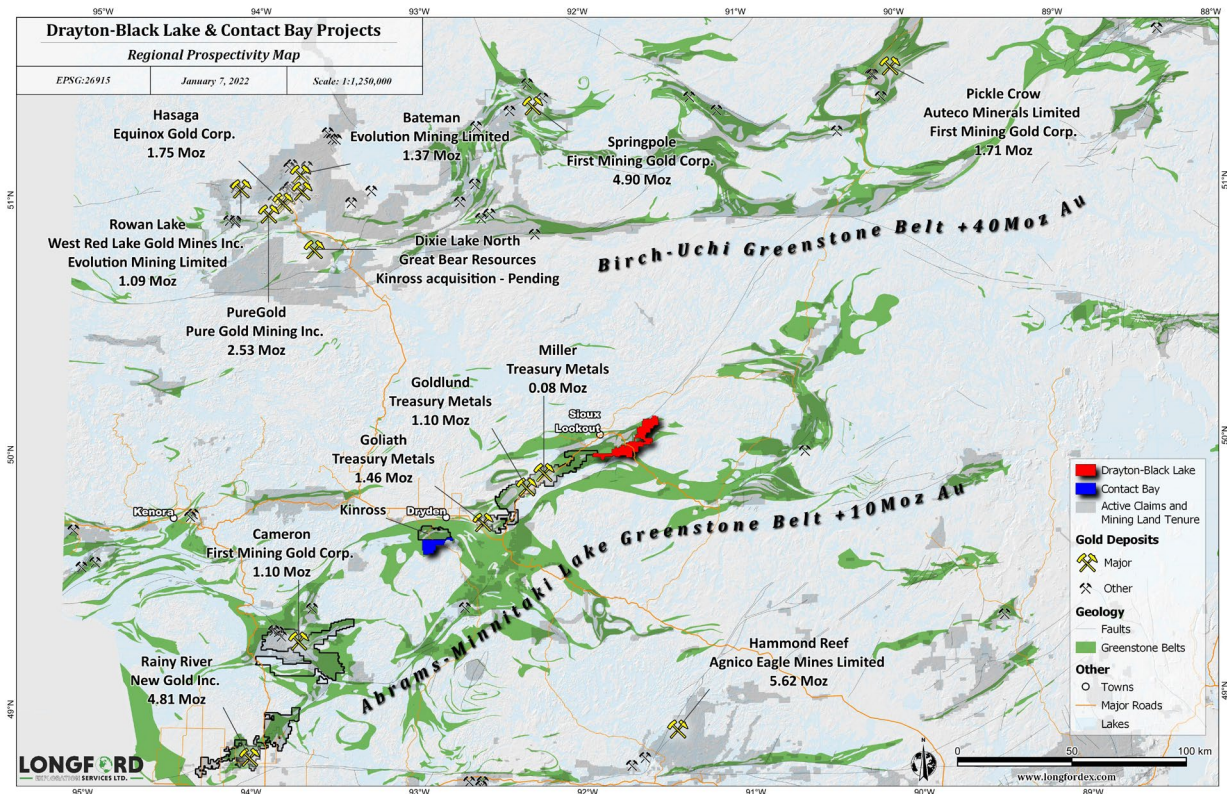


Figure 5.1: Drayton - Black Lake Project Location

## Mineral Rights in Ontario

The holder of an Ontario prospector's licence may prospect or stake a mining claim on crown land or private property where the crown has mineral rights that are open for staking.

In April 2018, Ontario transitioned to an online process for staking mining claims using a map designation system. All active, unpatented mining claims were converted from their legally defined location by post location to a cell-based grid. Mining claims are now legally defined by their cell position on the Mining Lands Administration System ("MLAS") map viewer grid coordinates. Staking and registering a mining claim (\$50 registration fee per cell) is now completed online using the MLAS. Up to 50 single-cell claims may be registered at one time provided each cell claim to be registered shares at least one boundary with another cell claim to be registered. Multi-cell claims must be registered separately and may consist of a maximum of 25 cell units, and each of those cells must share at least one cell boundary with another cell in the claim.

The government of Ontario requires expenditures of \$400 per year, per cell claim and \$200 per boundary cell claim unit prior to expiry to keep the claims in good standing for the following year. The assessment report must be submitted by the expiry date using the online MLAS system.

## Property Legal Status

The Ontario Mining Lands website (<https://www.mndm.gov.on.ca>) confirms that all the claims comprising the Drayton - Black Lake Project as described in Figure 4.1 are in good standing at the date of the Drayton - Black Lake Technical Report and that no legal encumbrances are registered with the Ministry of Northern Development and Mines against the titles at that date. The Technical Report Authors make no assertion with regard to the legal status of the property. The Drayton - Black Lake Project has not been legally surveyed to date and no requirement to do so has existed. There are no other royalties, back-in rights, environmental liabilities, or other known risks to conduct exploration on the property.

## Nature of Title to Property

The Drayton-Black Lake Property consists of 720 mineral claims within the Patricia Mining Division and covers an approximate total area 14,921.18 ha; however, the actual Property area is closer to 14,220.83 ha, due to overlapping mineral tenures that do not form part of the Drayton-Black Lake Property . An additional package of 40 claims is also on option to the Company by Riives. These claims are shown as on the online registry as 34 claims 100% registered in the name of Riives and the remaining 6 claims are shown as 25% registered to Alexander Glatz and 75% registered to Riives.

#### Group Ten Option Agreement

On November 25, 2021, the Company entered into the Group Ten Option Agreement. To earn its 90% interest in the Property, the Company paid Group Ten \$20,000 upon signing the letter of intent and is required to make staged option payments, common share issuances and minimum spend requirements over a four-year period. To earn a 51% interest in the Property, the Company must:

- issue Group Ten 2,800,000 common shares within ten (10) Business Days of the Common Shares being listed on the CSE;
- pay Group Ten \$150,000 in cash, issue Group Ten 1,100,000 Common Shares of the Company and incur \$500,000 in project expenditures on or before the first anniversary of the Group Ten Option Agreement;
- pay Group Ten an additional \$150,000 in cash, issue Group Ten an additional 1,100,000 Common Shares of the Company and incur an additional \$1,000,000 in project expenditures on or before the second anniversary of the Group Ten Option Agreement; and
- issue Group Ten an additional 1,100,000 Common Shares of the Company and incur an additional \$1,000,000 in project expenditures on or before the third anniversary of the Group Ten Option Agreement.

To earn an additional 39% interest in the Drayton - Black Lake Project (for an aggregate 90% interest in the Property), the Company must issue Group Ten an additional 1,100,000 Common Shares of the Company and incur an additional \$2,500,000 in project expenditures on or before the fourth anniversary to earn 90% interest in the Property by the fourth anniversary of the Group Ten Option Agreement.

Group Ten will be required to spend \$300,000 at the Drayton - Black Lake Project on or before the first anniversary of the Group Ten Option Agreement. If Group Ten fails to spend \$300,000 on the Property on or before such date, the amount of any shortfall will result in a dollar for dollar decrease to the Company's obligation to incur \$500,000 in Exploration Expenditures before the first-year anniversary of the Group Ten Option Agreement.

Group Ten is also entitled to a cash payment upon the establishment of any mineral resources in the Drayton - Black Lake Project as set out in a technical report filed pursuant to NI 43-101 equal to \$1.00 per ounce of gold equivalent capped at \$10,000,000.

The Company must spend a minimum of \$500,000 per year through to the FS Date. On the FS Date, the parties will enter a joint venture agreement with respect to their then respective ownership interests in the Drayton - Black Lake Project based on the terms set out in schedule B to the Group Ten Option Agreement. Each party will be required to fund its pro rata share of expenditures in advancing the Drayton-Black Lake Project or suffer dilution. In the event that Group Ten or the Company is diluted below a 5% interest in accordance with the terms of such joint venture agreement, an NSR on the Drayton - Black Lake Project will be granted to Group Ten or the Company, as applicable, with the following terms: i) 2% of net smelter returns are payable to Group Ten on 456 mining claims making up the Drayton - Black Lake Project that are not otherwise encumbered by pre-existing royalties; and ii) 1% of net smelter returns are payable to Group Ten on 224 mining claims making up the Drayton - Black Lake Project that are subject to pre-existing royalties.

The following table provides an NSR summary with respect to the Drayton - Black Lake Project:

Royalty Name	Recipient	NSR in Force	Buy Back Provisions	Reference Agreement	Affected Claims
a	Bravada Gold Corporation	1.00	none	2012-09-19 Duncastle MOU	Legacy Claim Numbers: 1216505, 3004266, 3007876, 3007937, 3016213, 4204862, 4204863
b	1179785 Ontario Limited	3.00	1% can be purchased for 1.5 million, and additional 0.5% can be purchased for \$1.5 million	2002-08-25, amended 2003-10-27, amended 2005-10-26, amended 2005-11-03 Rio Fortuna Exploration Corp and 1179785 Ontario Ltd.	Legacy Claim Numbers: 1216505, 3004266, 3007876, 3007937, 4204862, 4204863
c	NWT Copper Mines Ltd.	3.00	1% can be purchased for \$1 Million	2014-02-27 Black Lake Option between Duncastle (now Group Ten) and NWT	Legacy Claim Numbers: 1162727, 1162728, 1162729, 1162730 and 4203997
d	Rubicon Minerals Corp	1.00	Full royalty can be purchased for \$1 million	2011-10-28 Option, 2012-10-18 amendment, 2013-10-17 amendment, 2013-11-14 assignment and amendment, 2015-02-20 amendment, 2019-12-31 International Royalty agreement	Legacy Claim Numbers 4263686, 4263689, 4263691, 4263694-98, 4265624-27, 4265657-60, 4265664, 4270682, 4270683
e	International Royalty Corporation	1.00	none	2019-12-31 Royalty agreement	Legacy Claim Numbers: 1162727, 1162728, 1162729, 1162730 and 4203997

Table 4-3: Summary of Net Smelter Royalties (NSR) at the Drayton-Black Lake Project

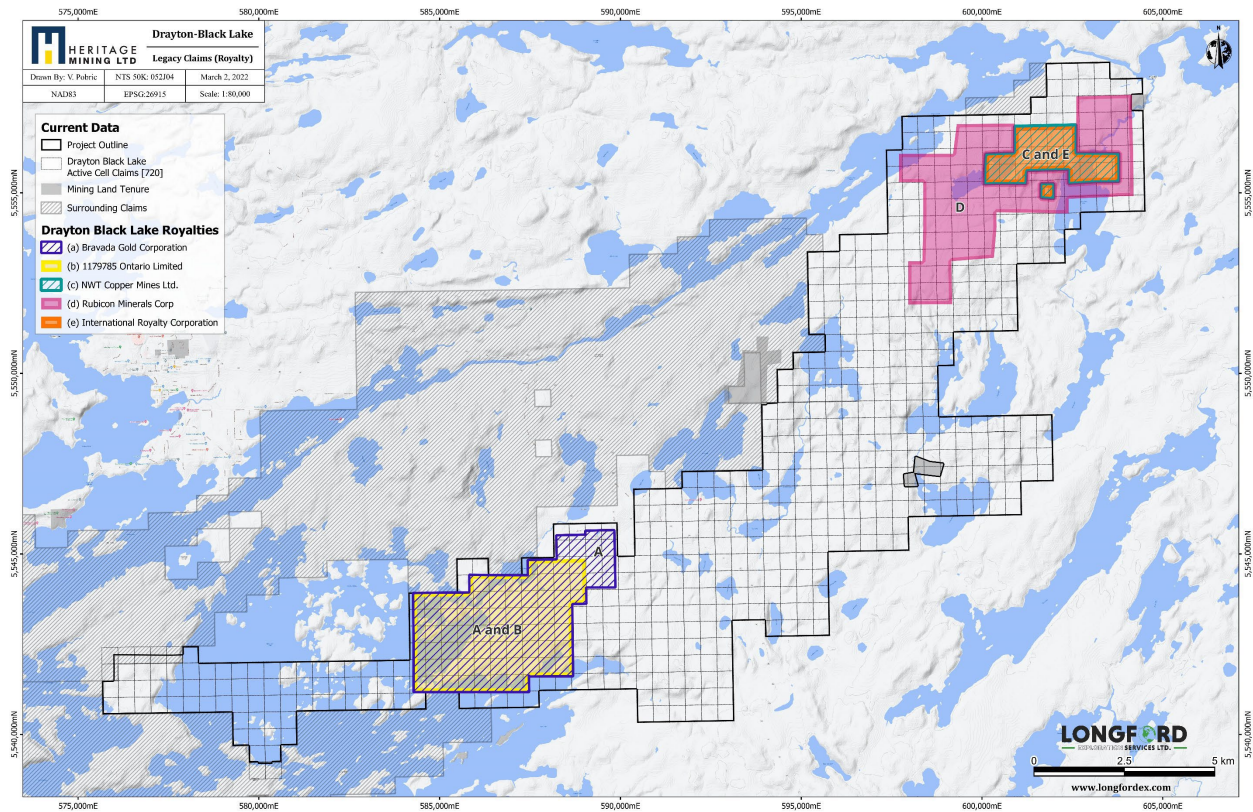


Figure 4-3: Drayton - Drayton - Black Lake Project Royalty Obligations

### Riives Option Agreement

On January 6, 2022, the Company entered into the Riives Option Agreement with Riives. To earn a 100% interest in the Zarn Lake Claims, the Company paid Riives \$20,000 in cash upon signing the Riives Option Agreement and is required to make staged option payments, common share issuances and minimum spend requirements over a three-year period as follow to earn a 100% interest in the Zarn Lake Claims:

- issue Riives \$50,000 in Common Shares of the Company upon the listing of the Common Shares on the CSE;
- pay Riives an additional \$10,000 cash, issue Riives an additional \$25,000 of Common Shares of the Company and incur an additional \$50,000 in project expenditures on or before the first anniversary;
- pay Riives an additional \$20,000 cash, issue Riives an additional \$25,000 of Common Shares of the Company and incur an additional \$100,000 in project expenditures on or before the second anniversary; and
- pay Riives an additional \$70,000 cash, issue Riives an additional \$50,000 of Common Shares of the Company and incur an additional \$250,000 in project expenditures on or before the third anniversary.

Riives retains a 2% NSR on the Property with a buy back of 1% for \$1,000,000 and an advanced royalty payment of \$1,000 per year after the Company earns a 100% interest in the Zarn Lake Claims.

The Riives Option Agreement shall also include a 2 km area of interest defined from the outermost boundaries of the Drayton - Black Lake Project. If either party should acquire, directly or indirectly, any interest in any mineral tenures or otherwise acquire an interest in property (including staking or joint venture), within the Area of Interest, the acquired property shall be included and form part of the Zarn Lake Claims as part of the Riives Option Agreement.

### Surface Rights in Ontario

Surface rights are not included with mineral claims in Ontario. However, the *Mining Act* (Ontario) (the “**Mining Act**”) allows licensed prospectors to enter mineral lands to explore for minerals whether surface is owned privately or by the Crown. Right of entry onto these lands does not include land occupied by a building, the area around a dwelling house, on any land that is part of an airport or railway, land being used for a natural gas, oil or water pipeline corridor, land under cultivation, land that contains an artificial reservoir or dam, protected heritage property or land in a park. A complete list of such restricted lands is available at s. 29(1) of the Mining Act.

Miners entering onto private lands must serve notice in the prescribed manner and compensate the landowner for any loss or damages resulting from the mining activities including prospecting, mapping, sampling, geophysical surveys, as well as any activities that disturb the surface. Landowners should be notified at the following stages: prior to entering the property to prospect, entering their property to stake, prior to the creation of a closure plan, beginning new exploration activities or making changes to an existing exploration activity, beginning the construction of a mine, beginning the extraction of minerals, and beginning rehabilitation work. Surface rights owner(s) on a piece of land can be determined by performing a title search at a Land Registry Office or online at <https://www.ontario.ca/search/land-registration>.

### **Permitting**

The Mining Act requires an exploration permit or plans for exploration on Crown lands. The permit and plans are obtained from the Ontario Ministry of Northern Development and Mines (the “**MNDM**”). The processing periods are 50 days for a permit and 30 days for a plan while the documents are reviewed by MNDM and presented to the Aboriginal communities whose traditional lands will be impacted by the work.

In Ontario, an exploration permit is required to carry out exploration activities that include:

- mechanized stripping of an area greater than 100 m<sup>2</sup> within a 200 m radius;
- use of a drill that weighs more than 150 kg;
- cutting of lines greater than 1.5 m wide;
- geophysical surveys requiring the use of a generator; or
- pitting or trenching where excavated volume of rock exceeds 3 m<sup>3</sup> within a 200 m radius.

Exploration permits are issued in the name of the recorded claim holder and are usually issued within three months after an application is made. Under the present system, notice is given to affected First Nations and Metis groups by the MNDM. Permit applicants are then required to engage in dialogue with indigenous groups only if specific issues are raised by those groups. Exploration permits are granted for a period of three years. They may include conditions which require the avoidance of certain areas due to wildlife sensitivity or areas that have cultural or spiritual significance.

If a project results in the discovery of a mineralized zone requiring more advanced work such as bulk sampling or underground development, an advanced exploration permit is required. To apply for this type of permit, the relevant claims are usually converted to lease, and the approval process is more strenuous, requiring significant review by the MNDM and significant community and First Nations engagement.

Group Ten currently holds permit PR-20-000109, which grants the holder permission to perform mechanical drilling with a drill that weighs in excess of 150 kg. This permit is valid from August 10, 2020, to August 9, 2023.

### *History*

The Drayton - Black Lake Project covers a large geographic area that has been undergoing exploration since the early 1930s. The Drayton - Black Lake Project can be divided into three general areas of work: Sharron Lake in the north, Zarn Lake in the central portion and Drayton area in the south; however, many work programs and/or historical properties overlap one or more of these areas.

Work began over the Drayton - Black Lake Project in the Zarn Lake area in the early 1930s by Alcona Gold. In 1933, a diamond drilling program was carried out on its Alcona Gold property. Two holes were drilled into vein no. 1 and vein no. 2, respectively. Metallurgical and petrographic work was later carried out on ore samples, but metallurgical results



were inconclusive as samples were highly oxidized, resulting in poor extraction. It was recommended that further testing be carried out on fresh samples collected at depth. Assay results from the heavily mineralized section of Vein No. 1 returned values of 40.43 g over 0.488 m; 62.83 g over 0.73 m; and 24.88 g over 0.79 m (Enycock et. al., 1939).

In 1937, Alkenore Buffalo carried out drilling in the central southeast of its Alkenore Buffalo property near Alkenore Lake in the Zarn Lake area. While the work program details are not available, the map and cross section indicate that a minimum of 22 diamond drill holes (“DDH”) had been drilled to-date on the property. Alkenore Buffalo continued working the area until at least 1957, but there is little information available for this time period. More consistent work resumed in the Zarn Lake area during the 1970s.

In 1971, Selco Exploration Company Ltd. (“Selco”) carried out a ground magnetometer survey over 2.9 line-km on the Alcona Gold property and identified a “forked” east west trending anomaly which was interpreted to be the result of weak magnetite concentrations within mafic to basic flows or weak disseminations of pyrrhotite believed to underlie the area (Downie, 1971). Selco also drilled three DDHs totalling 291.5 m depth in the same year. In 1980, Goldwinn Resources Ltd. (“Goldwinn”) conducted various works over the Alkenore, Buffalo and Split Lake Properties including geophysical surveys, geochemical surveys, and physical works such as stripping and trenching. Geophysical work consisted of a ground magnetometer and EM survey over 45 line-km which identified 19 target areas over the survey block. Magnetics identified a number of discontinuous, normally magnetized linear structures which were interpreted to be dyke-like bodies intruding the meta-volcanics (A.C.A. Howe International, 1980). Goldwinn continued to work the area until 1986 carrying out more geophysical surveys, diamond drilling and core sampling. Assays from the 1985 program returned the following results: DDH85-1 77-80: <0.003 oz/ton Au; DDH85-1 181-184: 0.013 oz/ton Au; and DDH85-1 184-187: 0.036 oz/ton Au (Chemex Laboratories, 1985).

From 1988 to 1991, Cream Silver carried out exploration work on its Split Lake, Alcona, and Trench Lake Properties in the Zarn Lake area, including a magnetometer survey in 1989 which located a strong magnetic anomaly at the Split Lake Gold Mine Site representing a major fold at the mine site (Simoneau, 1989) and a six-hole diamond drill program in 1991 totalling 327.6 m depth, designed to test the Alcona Gold vein system (Hood, 1991). Subsequent work was carried out by Joseph Riives in 2000 and 2001 near Trench Lake which consisted of prospecting and 29 sample assays. A total of five pits in a 30 m radius were blasted and samples were taken with best Au assays in porphyry (1,103 ppb Au) and lower anomalous values in the wall rock to the east (Riives, 2001). Prospecting on claim #1166849 yielded 18,575 ppb Au in a quartz vein on the east side of the claim and sample #21034 on the west side assayed 3,774 ppb Au in an altered mafic area (Riives, 2001). In 2003, trenching carried out by 1179785 exposed a complex series of sheared mafic volcanic rocks, quartz porphyry and numerous sulphide-bearing quartz veins near the former Alcona Gold mine. Sulphides included chalcopyrite, pyrite and galena which occurred in quartz veins and to a lesser extent within sheared wall rocks (Wakeford, 2003). In 2007, Champion Bear carried out a geological mapping program and collected 15 rock samples. The program confirmed Au and auxiliary mineralization on the property and Na-K alteration of volcanic rocks. Much more outcrop was encountered during this program than was previously reported, especially in the area northeast of Trench Lake. Disseminated sulphide mineralization was reportedly widespread and observed in almost all rocks. Dacite dykes and quartz veinlets were found in volcanic flows with disseminated sulphide mineralization along the lake shore at the north end of line 30 (Smolen, 2007). The quartz zone trending northwest of the Alcona Gold shaft area was cut by a second structure hosting mafic (basaltic-dacite) dykes, which probably extended through line 30 in a northwest direction (Smolen, 2007).

In 2004, the Millennium Property, located near the Alcona and Trench Lake Properties, had geological mapping and chip sampling carried out by 1179785 Ontario Ltd. And in 2005, ground IP and magnetometer surveys were conducted. The mapping and sampling reported well mineralized shear zones approximately 1.3-1.5 m in wide that were elongated, lensoid shaped, discontinuous, and formed en-echelon patterns. The magnetic data were interpreted to have three distinct magnetic domains which could possibly reflect three basement lithological units: mafic volcanics, mafic volcanics, and sediments. These lithologies were characterized by high, medium, and low magnetic anomaly intensities, respectively. An overlay of the magnetic and IP data indicated a semi-coincidence between the most intense chargeable anomalies and the magnetic lows (interpreted sediments), or the edges of the magnetic highs (interpreted mafic intrusives), though chargeable anomalies did occur within all three magnetic domains (Coates, 2005). This was consistent with field observations of zones of alteration/magnetite destruction and quartz veining in the vicinity of sulphide mineralization. Work subsided up until 2011 when Riives carried out more prospecting and sampling over the New Millennium property. Notable results include sample #610845 which assayed 6.68 oz/t Au, 860.59 ppm/t Ag, 9,184 ppm/t Cu, 56,779 ppm/t Pb, and 5,130 ppm/t Zn (Riives, 2011).

In 2012, Hudson River Minerals Ltd. (“**Hudson River**”) drilled 16 DDH (total depth 1,260 m) on the Zarn Lake Gold Property, in the Zarn Lake area. All 16 DDH intersected anomalous Au and the best intersection was HR-ZL-04 which encountered 4.46 g/t Au over 3.7 m (James, 2012). Hole HR-ZL-05, located 80 m of HR-ZL-04, encountered 3.72 g/t Au over 3.0 m. Hole HR-ZL-01 and HR-ZL-02 (drilled from the same setup) intersected narrow widths of high-grade Au (6.83 g/t Au over 1.7 m and 7.93 g/t Au over 1.1 m) and Hole HR-ZL-07 returned 4.12 g/t Au over 2.0 m (James, 2012). All the intersections were within 75 m of the surface. The thickness and grade of the mineralization was reported to vary along strike, but the zone remains open in all directions (James, 2012).

In 1981, work began on the Botsford Lake claims when Canadian Gold and Metal Inc. (Canadian Gold) conducted an airborne magnetometer and EM survey over the Sharron Lake and Zarn Lake Areas. Long linear conductors were outlined by the survey and were interpreted to be related to the Manitou-Dinorwic Fault Zone and the iron formation.

In 1997, Placer Dome Canada Ltd. (Placer Dome) carried out an airborne magnetometer survey over its Botsford Lake property which highlighted areas of inferred iron formations trending northeast-southwest. The southwest area of the survey block produced a pronounced magnetic high believed to be caused by thickening of the iron formation, possibly due to folding. Several east-west-trending structures which crosscut the formation were identified and were noted as target areas for follow-up work.

In 1946, work began in the Sharron Lake area on the Abbot Red Lake Mines Property by the title holder and operator of the same name. A ground magnetometer survey was executed over 27 line-km in addition to some bedrock mapping. Geophysical results indicated the presence of rocks with a high magnetic susceptibility which appeared to be broken by crosscut faulting or shearing (Lundberg, 1946). From 1947 to 1970, work continued in the Sharron Lake area consisting of various drilling and geological mapping programs by Auralee Gold Mines, Coniagas Mines Ltd., Floregold Red Lake Mines Ltd., Bankfield Cons Mines Ltd., and Cons Bellekeno Mines Ltd. Results from these programs identified the Au bearings zones to be within irregular quartz or quartz-carbonate veins and a quartz lens within a rhyolite dyke. In 1970, Asarco Exploration Company of Canada Ltd. (“**Asarco**”) began exploration on the Thompson claims which had been previously worked on by Walter Thompson (“**Thompson**”) in 1965. However, this report could not be retrieved. Reference was made to the Thompson report by Asarco in 1970 detailing a drill hole put down by Thompson which intersected Au-Ag mineralization (Abolins, 1970). Asarco carried out several programs between 1970 and 1971 including three mapping programs, line cutting and two geophysical surveys. Work continued in the Sharron Lake area until 1989, with exploration being carried out on various projects including Golden Phoenix, the Moretti Gold Prospect, and the Rosnel Property.

Cream Silver carried out a prospecting and geochemical sampling program and yielded drill intersections of up to 2.50 oz/ton Au across 1.5 ft (Hood, 1990). Two significant Au occurrences were examined within the map area and both consisted of quartz veining and stockwork with pyrite, chalcopyrite, and galena mineralization. A chip sample across a 0.9 ft wide section of the Dragfold Vein returned 0.30 oz/ton Au, with minor values in the adjacent wall rock (Hood, 1990). A chip sample across a 1.2 ft section of this vein assayed 0.12 oz/ton Au, while composite grab samples assayed up to 4.44 oz/ton Au and 1.00 oz/ton Ag (Hood, 1990).

In 1996, Placer Dome carried out resistivity, magnetometer and EM-VLF surveys over the area and located several anomalous features which were follow-uped in 1996 by a 10-hole diamond drill program. Cameco then carried out an IP survey in the area in 1998; however, the survey was stopped due to difficult field conditions. In 1998, NWT Copper also began exploration on the Drayton - Black Lake Project. Their 1998 program determined that Au was restricted to a quartz-carbonate veining stockwork that lies within the northeast trending, anastomosing Pond Deformation Zone (Chubb & Leskiw, 1998). In 1999, Cameco Corp. carried out more drilling (38 DDH), geochemical sampling, and trenching across the property. The trenching illustrated an association between Au, lithologic contacts, late deformation structures and alteration. Grab samples collected during the first program returned up to 1,212 g/ton Au: with the best channel sample returning 155 g/ton Au over 60 cm (Cameco Corp. 1999). In the follow-up program of the same year Au assayed up to 190.7 g/t Au over 0.26 m in the main deformation zone and up to 2.1 g/t Au over 1 m in the subsidiary zones of deformation (Chubb, 1999). A ground IP survey was also carried out that year and covered 24.76 line-km. The survey permitted the detection of 9 lineaments and a few isolated anomalies that were thought to be entirely caused by bedrock (Chubb, 1999).

In 2001 and 2002, 11 more DDHs were drilled. four holes (BLK02-20 to 23) intersected hole BLK99-14 (190 g/ton Au/0.24 m) and every hole intersected the target shear structures (Moretti Deformation Zone). However, shear hosted gold-bearing veins returned disappointing results (generally tens to hundreds of ppb Au, with highest assay of 3.1 g/ton Au/0.5 m) in BLK02-23. The remaining 7 holes intersected excellent geology, impressive alteration, and localized sulphide mineralization to the north and west of Black Lake. Locally, anomalous values up to 0.5 g/ton Au over 6.6 m,

including 1.6 g/ton Au over 1.1 m were reported in hole BLK02-24. Most of the Au mineralization was located inside strongly altered shears (thrusts), intruded by quartz-to-quartz feldspar porphyry dykes, and locally injected by 10-15% quartz and quartz-carbonate veins. Those 4 to 75 m deformation zones were thought to mark the contacts between wedges of calc-alkaline and tholeiitic volcanic assemblages.

From 2007 to 2010, NWT Copper carried out prospecting, hand trenching and a five-hole diamond drill program (total depth 1,256 m). The five holes were drilled in two areas of the property and assays indicated the presence of anomalous Au; however, the mineralization was sub-economic. The highest assays returned 0.153 g/ton Au over 0.3 m (Therriault, 2010).

In 2012, Fortune Tiger Resources Ltd. prepared a summary report on previous exploration on the property on behalf of Perry English and Rubicon. Subsequently, in 2016, Group Ten carried out a 7-hole diamond drill program, targeting the area directly underneath the Moretti main trench. All holes intersected the Moretti Deformation Zone; however, setbacks during the program prevented the logging and sampling of core.

In 1951, work began in the Drayton area when Conecho carried out a ground magnetometer survey over the Minnitaki Property. The survey outlined four magnetic zones of interest which were all interpreted to be underlain by Keewatin volcanics of varying composition (Koulomzie & Geoffrey, 1951). The McCombe Group of claims was also explored during the same year by Wright-Hargreaves which completed grid-bedrock mapping and collected 255 channel samples, but no visible gold was located during the program (Wright-Hargreaves Mines Ltd., 1951). In 1955, Noranda completed an EM survey over the McCombe Group of claims which totalled 124 line-km; however, none of the conductors were strong enough to suggest an economic concentration of sulphides (Wolverton, 1958). In 1971, Conwest began exploration in the Drayton area by carrying out an EM and magnetometer survey over 381.4 line-km and identified 11 conducting zones near Pickle Lake as well as several isolated anomalies. Results were interpreted to be consistent with steeply dipping massive sulphide bodies due to strong responses, good conductivities, and coincident magnetics (Danda & Klein, 1971). Between 1971 and 1992, various prospecting, trenching, geological, geochemical, and geophysical surveys were completed over various properties in the Drayton area including Copper-Gold Prospect, Fairservice Option and Neepawa Project; and further works were completed on the Minnitaki Property which concluded in 2004 with a prospecting and geochemical survey by Ontario Exploration Corp.

In 1999, Alexander Glatz and Ivar Joseph Riives began prospecting and sampling activities on the Drayton Gold prospect. During that program, overburden stripping was completed in six areas over two claims and 27 samples were collected and assayed. They determined that Au occurred in local structures and was associated with sulphide mineralization consisting of pyrite and to a lesser degree ilmenite (Glatz & Riives, 1999). In 2001, Alexander Glatz and Ivar Joseph Riives carried out further prospecting and sampling and discovered a shaft which ran more than one ounce/ton Au (Riives, 2001). Samples collected from a Cu/Au showing located west-southwest of the shaft, on an island in Minnitaki Lake, assayed 13,852 ppb Au and up to 3% Cu (Riives, 2001). Additionally, a gold-bearing shear was located 350 m east-northeast of the shaft and assayed more than 11,000 ppb Au (Riives, 2001). The host rock enclosing the vein was reportedly heavily pyritized. Magnetite was observed 300 m west of the shaft and in the mineralized zone where ilmenite was found. These minerals seem to cause the small, scattered magnetic anomalies on the airborne map. The main zone is 500 m long and open at both ends. Prospecting confirmed that the gold mineralization is confined to one main zone which could be part of the Sioux Lookout Deformation Zone.

In 2004, 1179785 carried out mapping and sampling over the Drayton-Black Lake Project which reported that although hairline quartz-carbonate veinlets were widespread within shear planes, no silicification and quartz-sulphide veining associated with gold mineralization was evident in those exposures. Gold mineralization comprising quartz-sulphide veins and stockworks occurred as discrete, irregular shaped zones with intervening lean to barren mafic meta-volcanic bedrock in trenches. In 2006, further work was completed consisting of 11 DDH (total depth 1,674 m), 310 core samples, 68 crusher fine samples and 10 soil samples. Seven holes were drilled to test for an auriferous quartz-carbonate alteration zone occurring in the shaft area. The remaining four holes tested IP geophysical targets within the remaining portion of the property. The drilling program intersected a significant quartz vein associated Au mineralization in seven holes over a strike length of 400 m. The mineralization was reportedly open below a 115 m depth and along strike to the northeast and southwest. The soil survey collected from basal till immediately above bedrock displayed higher contents of Au and base metals (Cu, Pb, Zn) than did glacio-fluvial samples (Thein, 2006). The sample collected in the trench contained the highest gold concentration of 285 ppb Au (Thein, 2006). The following year an additional 10 DDHs were drilled (total depth 2,340.85 m) and 355 core samples were collected. All drill holes were located in the shaft area and tested high priority 3D-IP anomalies. Five anomalous zones were outlined during the program and the weighted average values of these zones were below 1 g/ton Au (Thein, 2008). In addition to these zones, there were several significant stand-alone

drill intersections over 1.0 g/ton Au (Thein, 2008). The high assay values, in most cases, were determined to be associated with visible gold in very narrow (1-2 cm) isolated quartz veinlets.

In 2016, Group Ten first began work on the Black Lake Property by drilling seven DDH on the Moretti Deformation Zone; however, setbacks prevented the logging and splitting of core.

In 2017, the Property officially became known as the Drayton-Black Lake Property, owned, and operated by Group Ten who logged the core from the 2016 program and carried out a basal till survey modelling and geological interpretation of the 2013 DIGHEM EM data which resulted in the demarcation of 10 areas of interest. All seven holes targeted quartz veining in the Moretti Deformation Zone; the best intercept was 0.5 m at 15.62 g/t Au from 19.2 m to 19.7 m depth in hole BL-16-01.

In 2018, this work was followed up with a till sampling program targeting heat-map anomalies near Highway 642. Seventy-six samples were collected in total: 16 samples contained pristine gold grains and 38 contained moderate to pristine gold grains with as previously reported above much as 13 gold grains per sample.

In 2017, the Property became known as the “Drayton - Black Lake Project”, owned and operated by Group Ten which carried out a basal till survey in 2018, as previously reported above.

#### *Geological Setting, Mineralization and Deposit Types*

### **Regional Geology**

The Drayton - Black Lake Project is located within the Superior Province, which forms the core of the Canadian Shield. The Superior Province was formed by the successive accretion of orogenic belts in a range of tectonic environments over a period of 1.73 billion years (Percival et al., 2012). The Superior Province is the largest Archean terrestrial craton and covers approximately  $1.4 \times 10^6$  km<sup>2</sup> and consists mainly of Neoproterozoic rocks (2.8 to 2.5 Ga) which range in metamorphic grade from sub-greenschist facies to granulite facies (Percival et al., 2012). The Superior Province's boundaries are mainly tectonic in the north, west and southeast (Trans-Hudsonian and Grenvillian Orogens), while the Penokean Orogen in the south and the Northern Quebec Orogen in the northeast are unconformably overlain or overthrust by Paleoproterozoic supracrustal sequences (Card and Poulsen, 1998).

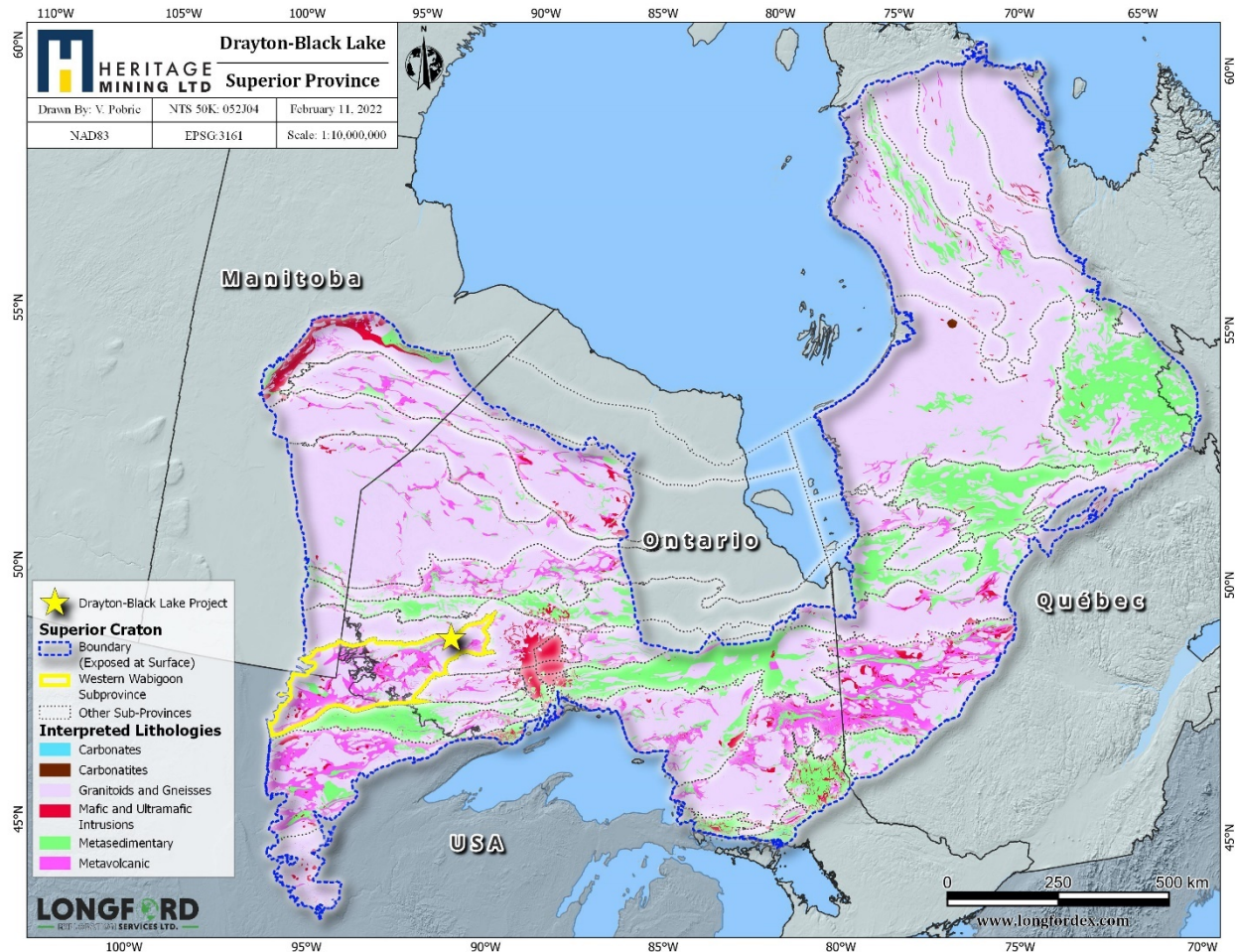


Figure 7.1: Superior Province and its Smaller Sub-Provinces (Card & Poulsen, 1998). The Superior Province can be divided into four regions based on structural and lithological characteristics: (i) the Western Superior region consists of the area extending from the Phanerozoic cover in the west and north to Lake Superior in the south and displays characteristic west to northwest trending belts with strike lengths up to 1,000 km (Percival et al., 2012); (ii) the Central Superior region extends from Lake Superior to the Grenville Front to the east, and includes the Eastern Wawa Terrane, the Abitibi Greenstone Belt and the Transverse Kapuskasing uplift structure; (iii) the Moyen-Nord region is bound by James Bay on the west, the Grenville Front to the east and the Hudson Bay Terrane to the north and is composed of the Ashuanipi Complex, Opinaca Belt and the Opatca Terrane; and (iv) the Northeastern region is located to the north of the Moyen-Nord and bound by Hudson and James Bay to the west and the New Quebec Orogen to the east. The Superior Province can be further divided into the following 19 sub-provinces which consist of metasedimentary, metamorphic, volcano-plutonic and plutonic domains (Figure 7.1).

### Property Geology

The central part of the Drayton-Black Lake Project consists mainly of interbedded volcanoclastic sediments and intermediate (andesite and dacite) amygdaloidal flows and flow breccia. Two transitional end units are observed. The first unit is dominated by volcanoclastic cobble conglomerates containing numerous intermediates to felsic volcanic fragments (partly replaced by pyrite locally), with only minor dacitic to rhyolitic flow and flow breccia intercalations.

Locally, on the west side of the property, thin (<1 m wide) sulphide and oxide iron formations are interbedded with the conglomerate (good IP anomalies). The other is dominated by andesite to dacitic flows and flow breccias (amygdaloidal), with only minor interbeds of tuffaceous horizons and mafic to felsic volcanoclastic conglomerate. These two map units are interpreted to mark the gradual evolution of a calc-alkaline volcanic cycle and associated sedimentation.

A fragmental unit derived from basaltic komatiite occurs to the south of Black Lake. A sequence of massive to pillowed mafic flows, tholeiitic in composition and often amygdaloidal, is observed in the northwest corner of the property. Minor tuffaceous interbeds and oxide iron formations are also present between the flows. A series of wedges of this unit are interpreted to be structurally emplaced by a series of thrust faults in the central and north part of the property. All supracrustal rocks are intruded by a multi-phase gabbro to leucogabbro and later intruded by granodiorite. Quartz-feldspar porphyritic dykes and plugs intrude all of the above rock types, except the late granodiorite.

The Minnis River fault system bounds the northern part of the Drayton-Black Lake Project. Numerous associated north, northeast, and east trending shears and faults were identified, based on the degree of schistosity, foliation and brecciation. They are interpreted to represent a series of major thrust faults, intruded by gabbroic sills and quartz-feldspar porphyritic dykes, marking the contact between calc-alkalic and tholeiitic volcanic piles. The northeast shears are part of a large system of deformation, present across the entire property, including the Botsford Lake deformation zone along the CNR tracks, the Pond deformation zone located at the southeast corner of the property and the Moretti deformation zone near the northeast corner of the property (Babin et al. (2002)).

### Property Mineralization

The style of gold mineralization on the Drayton-Black Lake Project occurs as free gold associated with quartz-carbonate-chlorite +/- tourmaline veins and stockworks hosted within highly altered and deformed rocks. Most of the showings on the property are found in shear zones paralleling lithological contacts. The high-grade mineralization within the Moretti Deformation Zone is located at the sheared and carbonatized contact between gabbro and leucogabbro. Quartz veinlets and veins are host to visible gold within late brittle chlorite-carbonate-tourmaline-fuchsite filled fractures and breccias portions of the vein. Visible gold is also associated with blebby and fracture filling chalcopyrite, bismuthinite, galena and pyrite (Babin et al. (2002)).

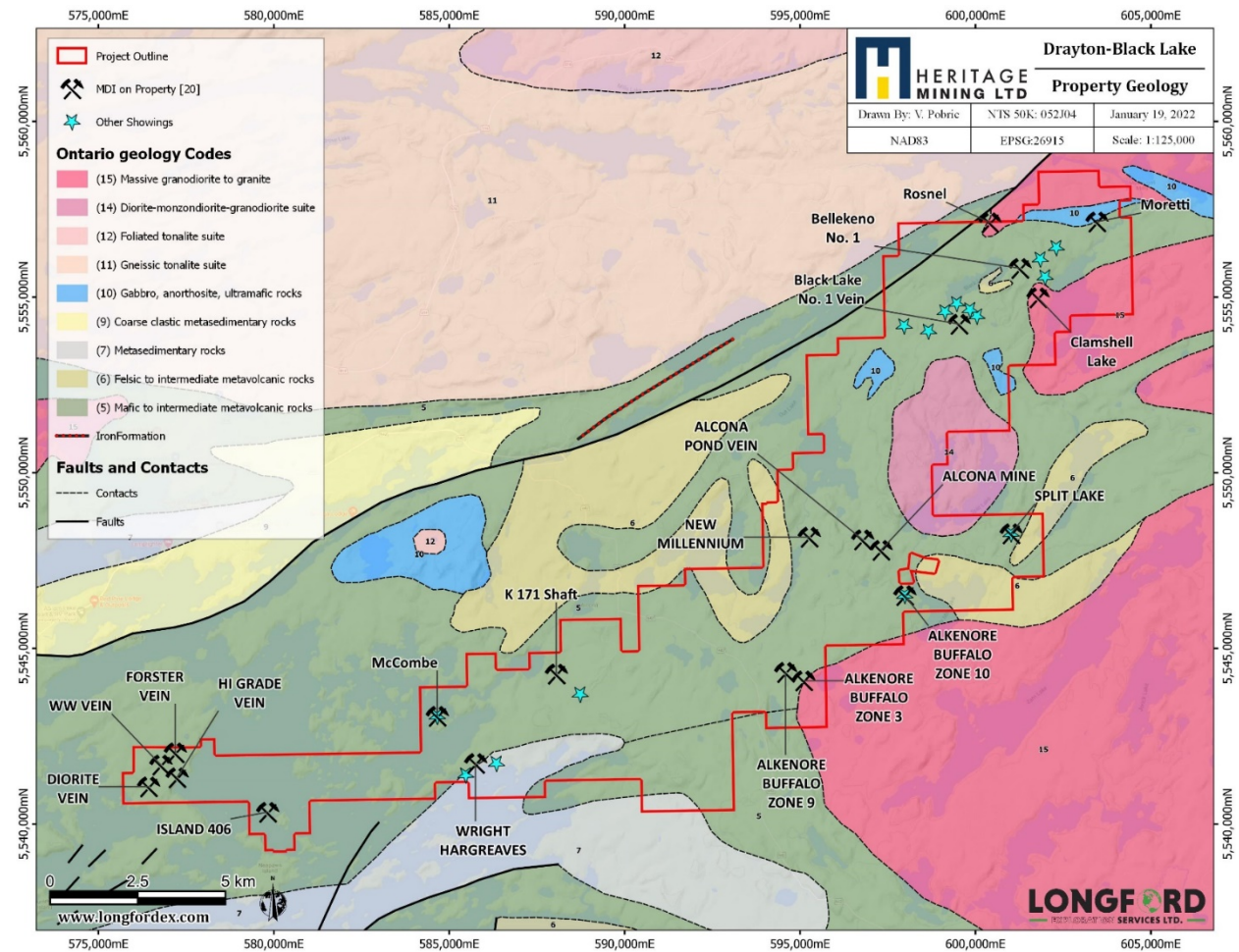


Figure 7.3 illustrates the local bedrock geology and the locations of MDI-mineral showings.

## Deposit Types

### Greenstone-Hosted Quartz-Carbonate-Gold-Vein Exploration Model

The Drayton - Black Lake Project is located in the Wabigoon sub-province of the Superior Province craton and is likely associated with a Greenstone Quartz-Carbonate (“GQC”) vein deposit (see Figure 8-1 below). This style of deposit is a sub-type of lode gold deposits and can be referred to as several different names including mesothermal, orogenic, lode gold, shear-zone related quartz-carbonate and gold-only deposits. The Wabigoon region is dominated by a series of interconnected greenstone belts (mainly meta-volcanics) interspersed by younger massive and foliated elliptical granitic bodies (Chubb & Leskiw, 1998; Stone, 2010) which is favourable for GQC vein style of mineralization. The sub-province is known to host several world-class gold and base metal deposits as well as many smaller, yet economically viable deposits (Percival et al., 2012). The most productive metallogenic districts for GQC deposits in Canada occur in late Archean greenstone belts of the Superior, Churchill, and Slave provinces (Dube & Gosselin, 2007). These types of deposits are a major global source for gold production; they are the second most prolific source of gold after Witwatersrand (South Africa) ores and account for 25% of Canada’s output (Ash & Alldrick, 1996; Dube & Gosselin, 2007).

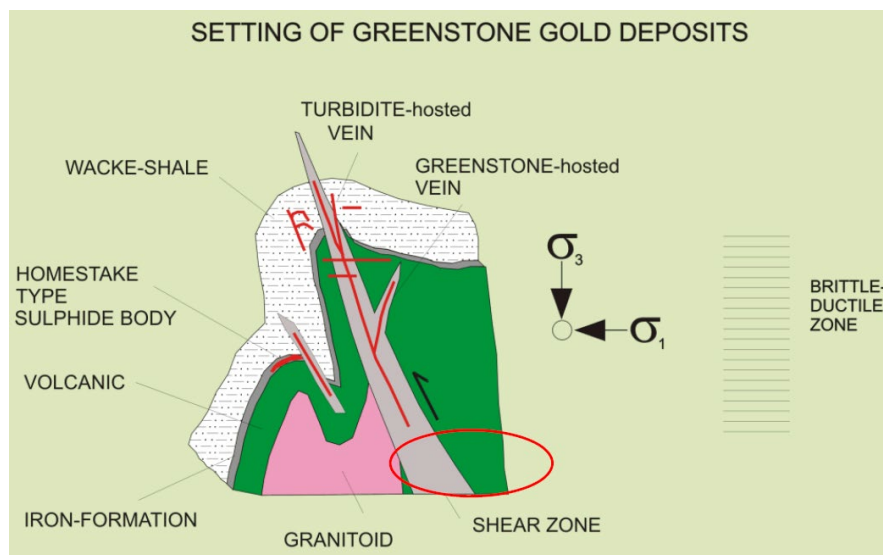


Figure 8-1: Setting of GQC Au-Vein Deposits (Dube & Gosselin, 2007). GQC vein deposits arise within deep trans crustal fault zones of metamorphic terranes at or near convergent tectonic plate boundaries as a result of compression or transpression (Ash & Alldrick, 1996; Dube & Gosselin, 2007). These deposits can occur within deformed greenstone belts of all ages, especially those with variolitic tholeiitic basalts and ultramafic komatiitic flows intruded by intermediate to felsic porphyry intrusions, and occasionally with swarms of albitite or lamprophyre dykes; however, those with the most significant gold content occur within Archean terranes (Dube & Gosselin, 2007). These deposits are structurally controlled, complex epigenetic deposits which are mainly hosted by mafic metamorphic rocks of greenschist to locally lower amphibolite facies at depths between 5 and 10 km below the surface (Dube & Gosselin, 2007).

Host rock lithologies of higher competency generally form tabular fissure veins and veinlets whereas stringer veins tend to occur within less competent lithologies (Ash & Alldrick, 1996). Veins commonly occur as complex systems of gold-bearing, laminated quartz-carbonate fault-fill veins, en echelon veins on all scales and usually have sharp contacts with wallrocks. Individual vein thickness may vary between a few centimetres up to 5 metres and may be 10 to 1000 metres long. Characteristic textures of GQC veins include massive, ribboned or banded, and stockworks with anastomosing gashes and dilations all of which may be modified, overprinted or destroyed by subsequent deformation events (Ash & Alldrick, 1996; Dube & Gosselin, 2007).

The timing of mineralization is believed to be syn-collisional to late-deformational and predominantly post-peak greenschist facies or syn-amphibolite facies metamorphism (Ash & Alldrick, 1996; Dube & Gosselin, 2007). The orebody is commonly greater than 1 km; however, there have been documented cases whereby the orebody has reached 2.5 km (Dube & Gosselin, 2007).

Formation on this style of deposit requires reasonably focused structural networks and pathways such as faults and shear zones where low salinity (< 3 wt % NaCl), H<sub>2</sub>O-CO<sub>2</sub>-rich hydrothermal fluids carrying high concentrations of Au, Ag, As, (±Sb, Te, W, Mo) and low concentrations of Cu, Pb, Zn metals which accumulate into a restricted volume such as a fold hinge or dilational jog (Ash & Alldrick, 1996; Dube & Gosselin, 2007). It is believed that fluids are cycled through these conduits by pressure build-up and release from tectonic activity related to rock failure and pressure reduction followed by sealing and repetition of the process (Ash & Alldrick, 1996). Gold is predominantly transported in the fluid as a reduced sulphur complex and deposited at crustal levels within or near brittle-ductile transition zones as a result of fluid-wallrock reactions called sulphidation (Ash & Alldrick, 1996; Dube & Gosselin, 2007). Though the source of gold is contentious, it is generally accepted that fluids originate from mantle or magmatic sources, or metamorphic devolatilization (Ash & Alldrick, 1996; Dube & Gosselin, 2007).

Gold is mainly confined to the quartz-carbonate vein networks although significant gold mineralization is often present within iron-rich sulphidized wallrock selvages or silicified and arsenopyrite-rich replacement zones (Dube & Gosselin, 2007). At a district scale GQCs are associated with large-scale carbonate alteration; at the deposit scale the intensity of alteration is mainly controlled by host rock lithology and metamorphic grade (Dube & Gosselin, 2007). Altered host rocks proximal to veins are typically enriched in CO<sub>2</sub>, K<sub>2</sub>O, and S and depleted in Na<sub>2</sub>O; and further from veins alteration is characterized by chlorite, calcite, ± magnetite (Dube & Gosselin, 2007). Rocks at greenschist facies proximal to veins display alteration haloes that are zoned and characterized by iron-carbonatization and sericitization, with sulphidation of immediate vein selvages; sheared ultramafics commonly display pervasive chromium or vanadium-rich green micas (fuchsite and roscoelite) and ankerite with zones of quartz-carbonate stockworks (Dube & Gosselin, 2007). Hydrothermal alteration assemblages associated with gold mineralization in amphibolite facies include biotite, amphibole, pyrite, pyrrhotite, and arsenopyrite; at high grades, biotite/phlogopite, diopside, garnet, pyrrhotite and/or arsenopyrite (Dube & Gosselin, 2007). Tourmaline and scheelite are also commonly found in veins associated with locally emplaced felsic to intermediate intrusions (Ash & Alldrick, 1996).

The primary ore minerals of GQCs include native gold with (in decreasing amounts) pyrite, pyrrhotite, chalcopyrite and trace amounts of molybdenum and tellurides may also be present (Dube & Gosselin, 2007). The main gangue minerals include quartz and carbonate (calcite, dolomite, ankerite and siderite) and may contain variable amounts of white micas, chlorite, tourmaline, and sometimes scheelite (Dube & Gosselin, 2007).

#### *Exploration*

The Company has not carried out any exploration activities on the Drayton - Black Lake Project.

#### *Drilling*

The Company has not carried out any drilling on the Drayton - Black Lake Project.

#### *Sampling, Analysis and Data Verification*

The Company has not carried out any sample preparation, analysis and/or security measures on the Drayton - Black Lake Project.

### **Data Verification**

Much of the data presented in the Drayton - Black Lake Technical Report has been compiled from assessment reports retrieved from Ontario's publicly available reports, various publications, news releases and technical reports. Based on the review of the available information the Technical Report Authors can attest that the information presented herein has been presented accurately as shown in those reports. The data obtained from previous assessment reports and the 2020 exploration program were reviewed and the information therein was extracted and was generated with proper procedures; all relevant data were tabulated or georeferenced and plotted to confirm the information was relevant to the Drayton - Black Lake Project.

Where provided, assay certificates were reviewed to confirm the grades reported, the quality control samples were reviewed, and quality assurance was confirmed by spot checking of the reported standard reference material ("SRM") and field duplicate results where data was available.

The data from drill holes prior to 2016, representing about 95% of the database, were randomly selected and the grades for Au, Ag, and trace elements were manually compared to the certified assay certificates where those certificates were available. A predominance of the results prior to 2016 were transcribed directly to the respective reports and original certificates were not available, thus no substantive verification was possible. No significant errors were found based



on the review completed. The information and data were compiled into a project GIS and further reviewed by the Technical Report Authors for general validity. Based on these reviews it is the Technical Report Authors' opinion that the information has been accurately transcribed from the original source and is suitable to be used. The Technical Report Authors are of the opinion that the datasets are adequate and reliable for the purposes of the Drayton - Black Lake Technical Report. Furthermore, the results presented here appear to accurately represent the alteration and limited identified mineralization observed across the Drayton - Black Lake Project during the site visit.

There were no limitations placed on the author in conducting the aforementioned data verification or the site visit. No other data verification measures were completed on this project as none of the original sample material was retained. The Drayton - Black Lake Project is at an early stage of exploration and the samples collected are not intended to be used for a mineral resource or mineral reserve estimate. In the Technical Report Authors' opinion, the data used for the purposes of the Drayton - Black Lake Technical Report are adequately reliable for its purposes to the best knowledge of such authors.

#### *Mineral Processing and Metallurgical Testing*

There is no known mineral processing or metallurgical testing for the Drayton - Black Lake Project.

#### *Mineral Resource and Mineral Reserve Estimates*

There are no current reserves or mineral resources or mineral reserve estimates on the Drayton - Black Lake Project.

#### *Infrastructure, Permitting and Compliance Activities*

**There is no relevant disclosure as the Drayton - Black Lake Project is an early-stage project.**

#### *Capital and Operating Costs*

There is no relevant disclosure as the Drayton - Black Lake Project is an early-stage project.

#### *Exploration, Development and Production*

### **Proposed Exploration and Budget**

The Drayton - Black Lake Project is an early exploration-stage project, that warrants further systematic exploration and evaluation studies. A two-phase program is proposed to initially develop the drill targeting, and then to follow up with a reconnaissance program of diamond drilling on prospective target areas. The drilling will likely commence in Q3 to Q4 2022.

Phase 1 is expected to consist of an airborne magnetometer/electromagnetic survey followed by in-the-field geological, structural, and geophysical evaluation leading to data modelling, analysis, interpretation, and drill target definition. Total estimated costs for phase 1 are anticipated to be approximately \$270,000.

Contingent upon the favourable results and successful targeting during Phase 1, the Phase 2 will test the target areas identified with a diamond drilling program. An initial 1,500 m diamond drill program is contemplated and is anticipated to concentrate on structurally hosted targets at zones such as the Moretti Deformation Zone (pictured in figure 26.1) where previous drilling and known mineral showings along a linear zone has returned encouraging historical results. Total estimated costs for phase 1 are anticipated to be approximately \$594,255.

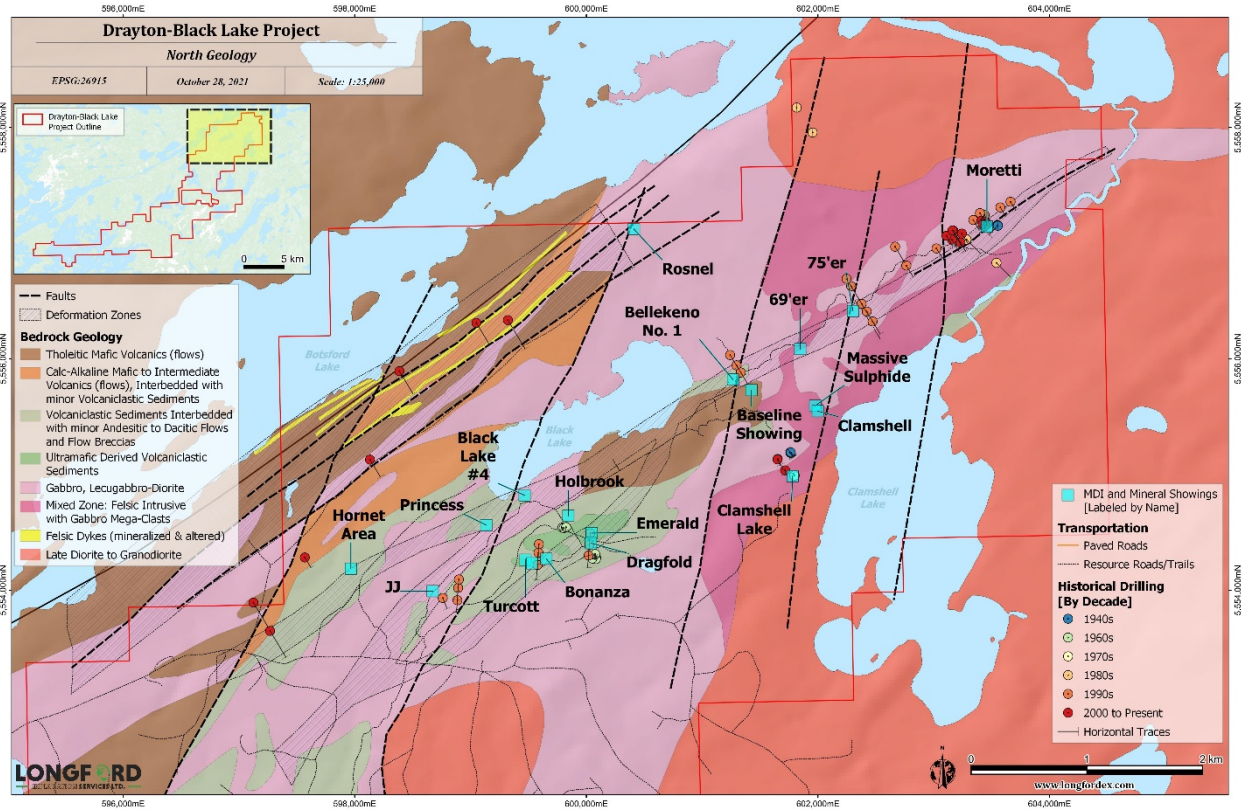


Figure 26-1: Northern Drayton - Black Lake Project area geology and summary of historically identified mineral showings, and historical drilling locations, likely target areas for phase 2 drilling.

Table 26 1: Proposed combined 2022 Phase 1 Geo-Targeting and Geophysical survey, and Phase 2 Drayton-Black Lake Drilling Exploration Budget.

<b>Q3 2022 DBL</b>				
<b>Personnel</b>				
Project Manager	(QP)	15	\$ 1,000.00	\$ 15,000.00
Geological Staff	1 x Geologist (45 Day Program)	45	\$ 600.00	\$ 27,000.00
Technical Staff	2 x Geotech (45 Day Program)	90	\$ 400.00	\$ 36,000.00
Camp and Ancillary Staff	1 Camp and maintenance (45 Day program)	45	\$ 200.00	\$ 9,000.00
		195	<b>Cat. Total</b>	<b>\$ 87,000.00</b>
<b>Diamond Drilling</b>				
Mobilization	Drill Mobilization	2	\$ 15,000.00	\$ 30,000.00
Drilling	Approximatley 1 months drilling (1500m)	1500	\$ 200.00	\$ 300,000.00
			<b>Cat. Total</b>	<b>\$ 330,000.00</b>
<b>Food and Lodging</b>				
Food and Groceries	per diem per man day	195	\$ 50.00	\$ 9,750.00
Lodging	Local Accomadation (\$iox) (months)	2	\$ 2,000.00	\$ 4,000.00
			<b>Cat. Total</b>	<b>\$ 13,750.00</b>
<b>Transportation</b>				
Mobilization	Flights and Transport to DBL	4	\$ 1,500.00	\$ 6,000.00
Trucks x 2	1 ton with safety and recovery gear	45	\$ 175.00	\$ 15,750.00
ATV/Snowm Mobile	2 x vehicles for site access	45	\$ 300.00	\$ 27,000.00
Fuel	per km for truck & atv's	4000	\$ 0.65	\$ 2,600.00
			<b>Cat. Total</b>	<b>\$ 45,350.00</b>
<b>Facilities and Maintenance</b>				
Core Logging Facility	Garage Shed Barn or Sea-Can	2	\$ 3,000.00	\$ 6,000.00
Hardware Maintenance	Geological Tools and Computers	2	\$ 2,500.00	\$ 5,000.00
Software Maintenance	Software Licensing and Subsriptions 3D modelling	2	\$ 5,000.00	\$ 10,000.00
			<b>Cat. Total</b>	<b>\$ 21,000.00</b>
<b>Geochemical Analysis</b>				
Analysis - Rock Core	Bureau Veritas: PRP70-250, AQ201 + overlimits (54 Element)	1000	\$ 45.00	\$ 45,000.00
Sample Shipment		1	\$ 1,000.00	\$ 1,000.00
			<b>Cat. Total</b>	<b>\$ 46,000.00</b>
<b>Pre and Post Field</b>				
Post Field	Assessment report with work filing	1	\$ 10,000.00	\$ 10,000.00
Phase 1	Geophysics Interp/Targeting (Days)	20	\$ 500.00	\$ 10,000.00
Phase 1	Induced Polarization Surveys (line kms)	20	\$ 3,000.00	\$ 60,000.00
Phase 1	Airborne Geophysics (line kms)	2000	\$ 100.00	\$ 200,000.00
			<b>Cat. Total</b>	<b>\$ 280,000.00</b>
			Over-all Contingengy (5%)	\$ 41,155.00
			<b>Estimated Sub Total</b>	<b>\$ 864,255.00</b>
Phase 1	Geophysics and Geo-targeting			\$ 270,000.00
Phase 2	1500m Diamond Drilling program			\$ 594,255.00

## Opinion of Merit

The Technical Report Authors are of the opinion that the Drayton - Black Lake Project is of merit sufficient to justify the recommended two-phase exploration program, with cost estimates as shown in the table above.

### *Interpretation and Conclusions*

The Drayton - Black Lake Project comprises an early exploration stage project of merit that warrants further warrants further systematic exploration and evaluation studies. The Technical Report Authors' interpretations and conclusions are summarized as follows:

#### Geology

- The Drayton – Black Lake Project is located within the Abrams-Minnitaki Lake Greenstone Belt hosted within the Central Wabigoon Sub-Province of the Superior Province, located on the southwestern margin of Ontario.
- The geology of the host volcano clastic deposits is dominated by thick sequences of interbedded volcanoclastic sediments and basic to intermediate amygdaloidal flows and flow breccias. The volcanoclastic sequences are structurally segmented, and often intruded by gabbroic and quartz-feldspar porphyritic dykes and plugs.
- The known mineral showings and drilling holes are located within a broad mineralized corridor, associated with fault and fault splay confluences, and are hosted locally within mafic to intermediate to felsic meta-volcanic rocks.

#### Mineralization

- Mineralization occurs as free gold associated with quartz-carbonate-chlorite +/- tourmaline veins and stockworks hosted within highly altered and deformed rocks.
- Mineralization is concentrated in highly deformed rocks along structural fault segments, and subordinate splay. Sheeted quartz+carbonate vein arrays may be controlled within broader deformation zone (e.g., Moretti Deformation Zone).
- The high-grade mineralization within the Moretti Deformation Zone is located at the sheared and carbonatized contact between gabbro and leucogabbro.

### **Exploration**

- The confirmation of mineralization at the Drayton - Black Lake Project has been made by systematic data research and the compilation of historical data and resurrection of historical successes to guide future exploration efforts.
- Systematic and encouraging follow up surface sampling has included basal till geochemical surveys which are coincident with mineralization at known showings, with zones of broader anomalous mineralization defined.
- A comprehensive geophysical structural, and correlative geological review and interpretation are required to further develop drill hole targets on the property. Based on the apparent structural complexity structural orientation of the drilling core may be necessary to realizing exploration success.
- Based on an abundance of historical data and previous interpretations and existing geological information several areas of interested have been identified. These areas are typically defined by clusters of known mineral showings, and coincident till geochemical anomalism, and well a focused historical diamond drilling; along distinct deformation linear such as at the Moretti Deformation Zone at the north of the property.

### **Mineral Tenure**

- Mineral tenure claims appear to be in good standing, and access to the Drayton - Black Lake Project has been established to the northeast along forestry service roads. The Property is currently amenable to year-round operations for drilling exploration work.

### **Other Considerations**

- The Drayton - Black Lake Project is situated in an economically and socio-politically stable area, and there are currently no known factors that would prevent further exploration or any future potential project development. The Technical Report Authors can attest that there are no significant, foreseeable risks or uncertainties to the Drayton - Black Lake Project's potential economic viability or continued viability directly arising from the quality of the data provided within the Drayton - Black Lake Technical Report.

### ***Adjacent Properties***

The Drayton-Black Lake Project is located immediately to the northeast of the Treasury Metals Goliath Gold Complex (the “**Goliath Gold Complex**”). The Goliath Gold Complex currently refers to a prospective 65-km trend in a 330 km<sup>2</sup> land package comprising three distinct mines/projects/deposits located within the Wabigoon-Greystone Belt in the Dryden-Sioux Lookout Area of Northwestern Ontario.

The Goliath Gold Complex includes 1,229,800 ounces Au Eq Measured and Indicated and 226,700 ounces Au Eq Inferred; the Goldlund Mine Project: 840,000 ounces Au Indicated, and 260,000 ounces Au Inferred; and the Miller Mine Project: 79,000 ounces Au Inferred.

These mineral resource estimates were copied from the Treasury Metals website, and the details of the estimations are described in the technical report entitled: N.I. 43-101 TECHNICAL REPORT & PRELIMINARY ECONOMIC ASSESSMENT OF THE GOLIATH GOLD COMPLEX, Ontario, Canada. Report date: March 10, 2021.

The QP has been unable to verify the information, and the information is not indicative of the mineralization on the Drayton - Black Lake Project that is the subject of the Drayton - Black Lake Technical Report.

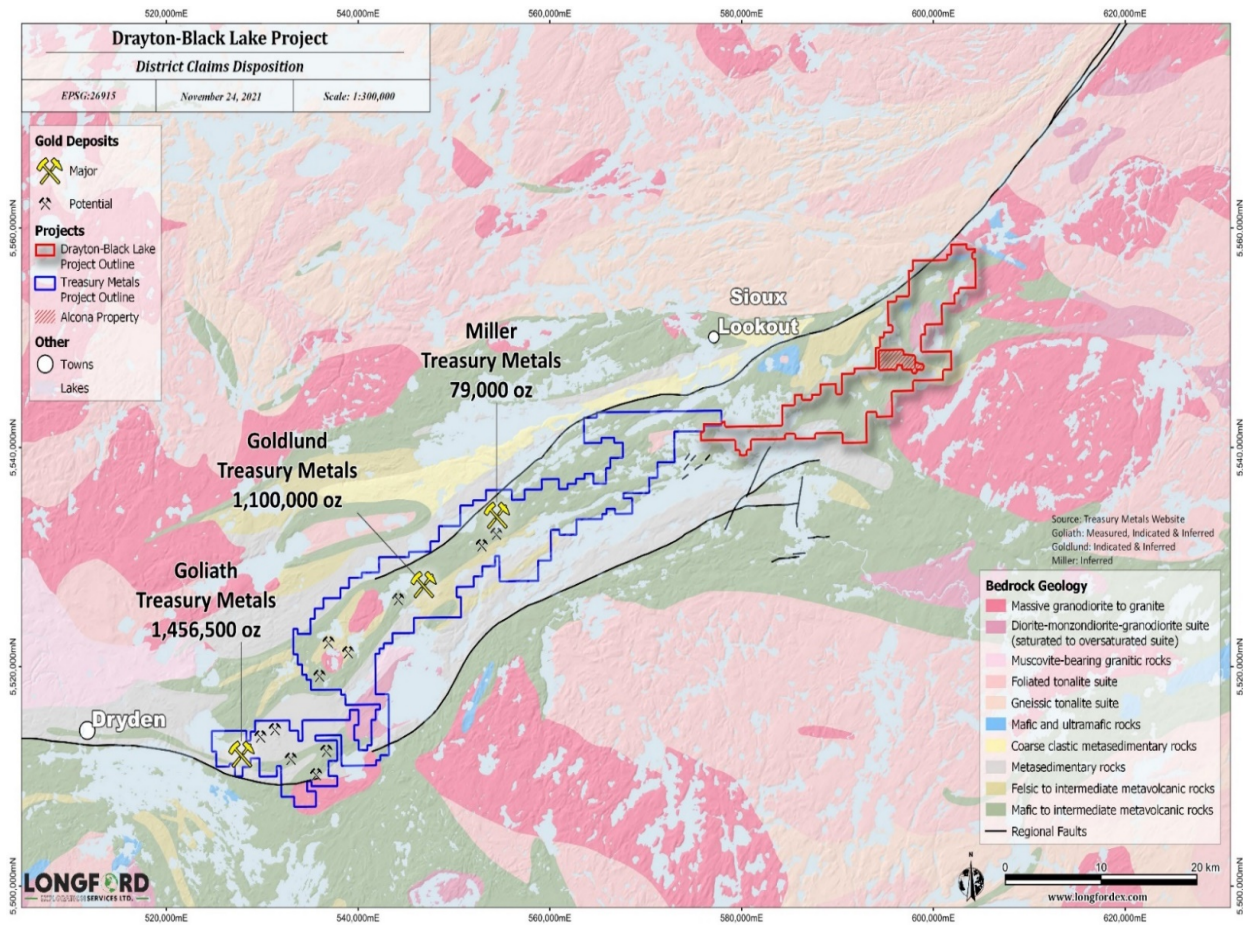


Figure 23-1: Adjacent significant projects to the southwest of Drayton - Black Lake Project.

### USE OF PROCEEDS

Assuming there is no exercise of the Over-Allotment Option, the estimated net proceeds to the Company from the Minimum Offering are estimated to be \$● and from the Maximum Offering are estimated to be \$●, in each case after deducting the estimated expenses of the Offering of \$● to be paid out of the proceeds of the Offering. The net proceeds of the Offering will be used for the principal purposes outlined below.

Following the completion of the Offering, the Company intends to use available funds to execute exploration programs and other studies on the Drayton - Black Lake Project with the goal of delineating a zone or zones of gold mineralization and delineating other mineralization for drilling and trenching. The following table sets forth the Company's proposed use of all available funds following completion of the Offering.

Principal Purpose	Estimated Amount to be Expended	
	Minimum Offering	Maximum Offering
Drayton - Black Lake Project <sup>(1)</sup>	\$●	\$●
Contact Bay Property	\$●	\$●
General and Administrative expenses for 12 months <sup>(2)</sup>	\$●	\$●
Unallocated working capital	\$●	\$●
Total	\$●	\$●

*Notes:*

- (1) See “*Mineral Properties – Material Property – Drayton - Black Lake Project – Recommendations – Cost Estimates*” for further details regarding the work recommended for Phase I and Phase II recommended programs and a breakdown of the estimated costs of such work.
- (2) General and administrative expenses are comprised of general administrative, investor relations and promotions and legal, regulatory and professional fees.

The Company will use an amount equal to the gross proceeds from the Offering resulting from the sale of FT Units to incur Qualifying Expenditures on exploration. See “*Plan of Distribution for the Offering*” and “*Certain Canadian Federal Income Tax Considerations*”.

The Company intends to use the net proceeds of the Offering as stated in this Prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary as stated herein.

**Negative Operating Cash Flow**

Subject to, and upon completion of the Offering, the Company’s working capital available to fund ongoing operations is anticipated to be sufficient to meet its administrative costs and exploration expenditures for 18 months.

Since incorporation, the Company has not generated cash flow from its operations and has incurred certain operating losses. Such losses and negative operating cash flow are expected to continue since funds will be expended to pay its administrative expenses and to conduct the recommended work program and other exploration activities on the Drayton - Black Lake Project. The Company’s cash position and working capital as at December 31, 2021 were \$1,006,655 and \$1,001,003 respectively. Although the Company has allocated \$● from the net proceeds of the Offering to fund its ongoing operations for a period of 12 months, thereafter, the Company will be reliant on any working capital and retained future equity financings for its funding requirements. Unallocated funds from the Offering will be added to working capital of the Company and be expended at the discretion of management. See “*Risk Factors*”.

The Company intends to use the net proceeds of the Offering as stated in this Prospectus. Any unallocated working capital may be used by the Company to, among other things, identify, consummate and, if warranted, develop additional mineral exploration properties as and when such opportunities are presented to or discovered by the Company. In addition, management of the Company has determined that due to ongoing political, economic and capital markets related uncertainties (including as such relate to the COVID-19 pandemic), it is prudent to retain unallocated working capital in the event financing difficulties or a market downturn occurs in the future. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary. The use of funds available will vary depending on the Company’s operating and capital needs from time to time and will be subject to the discretion of management of the Company. See “*Risk Factors*”. Until applied, the net proceeds of the Offering will be held as cash balances in the Company’s bank account or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by a government authority.

**Business Objectives and Milestones**

The Company plans to utilize a minimum of \$● from the proceeds of the Offering on exploration and approximately \$● from the proceeds of the Offering on overhead for a period of 12 months from the date of this Prospectus. The exploration would consist of: data base consolidation, Airborne EM and Mag surveys, Ground EM, Mag, IP, Geological Evaluations (Prospecting, Mapping, Geochemical, Till), Mechanical Rock Stripping, Diamond drilling (40,000m over 4 years) assaying and reporting.

The Company’s near-term milestones are:

- Systematically develop drill targets through data base consolidation, airborne and groundwork (Q2 to Q3 2022)
- Drill Targets Q4 2022
- Continue raising funds to strengthen the Company’s ability to define gold mineralization (deposits) on the Drayton - Black Lake Project and gold resources on the other Heritage Properties.

There is no assurance the foregoing goals and objectives will be achieved. See “*Risk Factors*”.

**DIVIDEND RECORD AND POLICY**

The Company has never declared nor paid any dividend or other distribution on its Common Shares since its incorporation and does not currently have a policy with respect to the payment of dividends or other distributions. The Company does not foresee paying any dividend in the near future since all available funds will be used to achieve the business objectives of the Company. Any future declaration and payment of dividends is at the discretion of the Board and will depend on numerous factors, including compliance with applicable law, the financing requirements and financial condition of the Company and other factors, which the Board, in its sole discretion, may consider appropriate and in the best interest of the Company. There can be no assurance that the Company will pay dividends under any circumstances. See section entitled “*Risk Factors*” in this Prospectus.

Under the BCBCA, the Company is prohibited from declaring or paying dividends if there are reasonable grounds for believing that the Company is insolvent or the payment of dividends would render the Company insolvent.

**SELECTED HISTORICAL FINANCIAL INFORMATION**

**Selected Historical Information of the Company**

The following tables set forth selected financial information as at and for the fiscal years ended December 31, 2021 and December 31, 2020, and have been derived from the financial statements, in each case, prepared in accordance with IFRS and included elsewhere in this Prospectus which have been audited by the auditor of the Company, Crowe MacKay LLP.

Prospective investors should review this information in conjunction with the financial statements including the notes thereto as well as the sections entitled “*Management’s Discussion and Analysis*”, “*Use of Proceeds*”, “*Consolidated Capitalization*”, “*Description of Material Indebtedness*” and “*Description of Share Capital*” included elsewhere in this Prospectus.

***Selected Annual Financial Information***

The following table provides selected financial data for the periods and years indicated.

	<b>Year Ended December 31,</b>	
	<b>2021 (audited) (\$)</b>	<b>2020 (audited) (\$)</b>
Revenue	nil	nil
Current Assets	1,089,654	813,096
Total Assets	1,091,154	814,596
Current Liabilities	88,651	58,961
Total Liabilities	88,651	58,961
Deficit	750,495	295,106
Net Loss per Common Share (basic and diluted)	0.03	0.06

## FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following financial statements and MD&A of the Company are included as schedules to this Prospectus:

Schedule B: Audited annual financial statements for the years ended December 31, 2021 and 2020.

Schedule C: Management's discussion and analysis for the year ended December 31, 2021.

The financial statements listed above have been prepared in accordance with IFRS.

Certain information included in the Company's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Forward- Looking Information*".

### Disclosure of Outstanding Security Data

The following table sets forth the capitalization of the Company as at December 31, 2021 (audited) and as at the date of this Prospectus. This table should be read in conjunction with the financial statements and the notes thereto, along with the associated MD&A, included in this Prospectus.

	As at December 31, 2021	As at the date of this Prospectus
Common Shares	16,688,229	18,202,229
Unit Warrants	8,555,187	●
Agent Warrants	226,585	●
Stock Options	946,666	946,666
Total Capitalization	26,416,667	●

## DESCRIPTION OF SECURITIES BEING OFFERED

### Description of Share Capital

The Company is authorized to issue an unlimited number of Common Shares.

The following is a description of the material terms of the Common Shares. The following descriptions may not be complete and are subject to, and qualified entirely by reference to, the terms and provisions of the articles of incorporation of the Company.

The Company is authorized to issue an unlimited number of Common Shares, of which there are 18,202,229 Common Shares issued and outstanding as at the date of this Prospectus.

Each holder of Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Common Share held by such holder.

The holders of Common Share shall be entitled to receive dividends if and when declared by the Board.

In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of Common Shares shall be entitled, subject to the rights of holders of shares of any class ranking prior to the Common Shares, to receive the remaining property or assets of the Company.

### Securities Being Offered

This Prospectus qualifies the distribution of FT Units and Units and the Agent Warrants. Details of the Flow-Through Shares, FT Unit Warrants, Unit Shares, Unit Warrants and Agent Warrants are set forth below. The FT Units and the Units will separate into Flow-Through Shares, FT Unit Warrants, Unit Shares and Unit Warrants, as applicable, immediately upon issue.



### ***Flow-Through Shares***

The Flow-Through Shares are Common Shares, each of which will qualify as a “flow-through share” as defined in subsection 66(15) of the Tax Act. Please refer to “*Description of Securities Being Distributed – Description of Share Capital – Common Shares*” above and “*Certain Canadian Federal Income Tax Considerations*” below for further details.

### ***FT Unit Warrants***

The FT Unit Warrants will qualify as “flow-through shares” as defined in subsection 66(15) of the Tax Act. The FT Warrant Shares will not qualify as “flow-through shares” as defined in subsection 66(15) of the Tax Act. The FT Unit Warrants will be created and issued pursuant to the Warrant Indenture. The Company has designated the principal office of the Warrant Agent in the city of Toronto, Ontario as the location at which the FT Unit Warrants may be surrendered for exercise or transfer. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture. Each FT Unit Warrant will entitle the holder thereof to acquire, subject to adjustment as described below, one Warrant Share at a price of \$● until 5:00 p.m. (Toronto time) on the date which is 36 months after the date of issue thereof. The Warrant Indenture provides for adjustment in the exercise price and number of FT Warrant Shares issuable upon exercise of the FT Unit Warrants upon the occurrence of certain events, including:

- the issue of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution;
- the subdivision, re-division or change of the Common Shares into a greater number of shares;
- the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- the issue to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price” for the Common Shares on such record date; and
- the issue or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares at a price, or at a conversion price, of at least 95% of the “current market price” for the Common Shares on such record date, or evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture also provides for adjustment in the class and/or number of securities issuable upon the exercise of the FT Unit Warrants and/or exercise price per security in the event of the following additional events: (1) reclassifications or redesignations of the Common Shares or any other capital reorganization; (2) consolidations, amalgamations, or mergers of the Company with or into another entity (other than consolidations, amalgamations, or mergers which do not result in any cancellation, redesignation or reclassification of the Common Shares); (3) the transfer of all or substantially all of the assets of the Company to another corporation or other entity; or (4) the Company being controlled (within the meaning of the Tax Act) by another entity.

No fractional FT Warrant Shares will be issuable upon the exercise of any FT Unit Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of FT Unit Warrants will not have any voting or any other rights which a holder of Common Shares would have. From time to time, the Company and the Warrant Agent, without the consent of the holders of FT Unit Warrants may amend or supplement the Warrant Indenture for certain purposes, including (i) adding to the covenants of the Company for the protection of the holders of FT Unit Warrants; (ii) making provision for matters that are not prejudicial to the interests of the holders of FT Unit Warrants; (iii) amending provisions with respect to the transfer and/or exchange of FT Unit Warrants and making any modification in the form of the warrant certificate which does not affect the substance thereof; (iv) evidencing the succession of other corporations to the Company; (v) giving effect to any “extraordinary resolution” passed (as described below); (vi) setting forth adjustments; and (vii) for any other purpose not inconsistent with the terms of the Warrant Indenture.

Certain other amendments or supplements to the Warrant Indenture may be made only by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution passed at a meeting at which there are holders present in person

or represented by proxy representing at least 20% of the aggregate number of the then outstanding FT Unit Warrants and passed by the affirmative vote of such holders representing not less than 66 $\frac{2}{3}$ % of the aggregate number of then outstanding FT Unit Warrants, represented at the meeting and voted on by poll upon such resolution. Subject to applicable law and the rules and regulations of any stock exchange having jurisdiction, the following powers are exercisable from time to time by “extraordinary resolution” of the FT Unit Warrant holders: (i) to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the holders and/or the Warrant Agent against the Company; (ii) to assent to any modification of or change in or addition to or omission from the provisions contained in the Warrant Indenture which must be agreed to by the Company; (iii) to sanction any scheme for the reconstruction or reorganization of the Company or for the consolidation, amalgamation or merger of the Company with any other corporation or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of the Company or any part thereof in certain circumstances; (iv) to direct or authorize the Warrant Agent to exercise any power, right, remedy or authority given to it by the Warrant Indenture or to refrain from exercising any such power, right, remedy or authority; (v) to waive and direct the Warrant Agent to waive any default of the Company under the Warrant Indenture; (vi) to restrain any FT Unit Warrant holder from taking or instituting any suit, action or proceeding for the purpose of enforcing any of the covenants of the Company contained in the Warrant Indenture; (vii) to direct any FT Unit Warrant holder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such holder in connection therewith; and (viii) to amend, alter or repeal any “extraordinary resolution” previously passed or sanctioned by the FT Unit Warrant holders.

### ***Unit Shares***

The Unit Shares are Common Shares. Please refer to “Description of Securities Being Distributed – Description of Share Capital – Common Shares” above.

### ***Unit Warrants***

The Unit Warrants will be created and issued pursuant to the Warrant Indenture. The Company has designated the principal office of the Warrant Agent in the city of Toronto, Ontario as the location at which the Unit Warrants may be surrendered for exercise or transfer. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture. Each Unit Warrant will entitle the holder thereof to acquire, subject to adjustment as described below, one Unit Warrant Share at a price of \$● until 5:00 p.m. (Toronto time) on the date which is 36 months after the date of issue thereof. The Warrant Indenture provides for adjustment in the exercise price and number of Unit Warrant Shares issuable upon exercise of the Unit Warrants upon the occurrence of certain events, including:

- the issue of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution;
- the subdivision, re-division or change of the Common Shares into a greater number of shares;
- the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- the issue to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price” for the Common Shares on such record date; and
- the issue or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares at a price, or at a conversion price, of at least 95% of the “current market price” for the Common Shares on such record date, or evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture also provides for adjustment in the class and/or number of securities issuable upon the exercise of the Unit Warrants and/or exercise price per security in the event of the following additional events: (1) reclassifications or redesignations of the Common Shares or any other capital reorganization; (2) consolidations, amalgamations, or

mergers of the Company with or into another entity (other than consolidations, amalgamations, or mergers which do not result in any cancellation, redesignation or reclassification of the Common Shares); (3) the transfer of all or substantially all of the assets of the Company to another corporation or other entity; or (4) the Company being controlled (within the meaning of the Tax Act) by another entity.

No fractional Unit Warrant Shares will be issuable upon the exercise of any Unit Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Unit Warrants will not have any voting or any other rights which a holder of Common Shares would have. From time to time, the Company and the Warrant Agent, without the consent of the holders of Unit Warrants may amend or supplement the Warrant Indenture for certain purposes, including (i) adding to the covenants of the Company for the protection of the holders; (ii) making provision for matters that are not prejudicial to the interests of the holders; (iii) amending provisions with respect to the transfer and/or exchange of Unit Warrants and making any modification in the form of the warrant certificate which does not affect the substance thereof; (iv) evidencing the succession of other corporations to the Company; (v) giving effect to any “extraordinary resolution” passed (as described below); (vi) setting forth adjustments; and (vii) for any other purpose not inconsistent with the terms of the Warrant Indenture.

Certain other amendments or supplements to the Warrant Indenture may be made only by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution passed at a meeting at which there are holders present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Unit Warrants and passed by the affirmative vote of such holders representing not less than 66⅔% of the aggregate number of then outstanding Unit Warrants, represented at the meeting and voted on the poll upon such resolution. Subject to applicable law and the rules and regulations of any stock exchange having jurisdiction, the following powers are exercisable from time to time by “extraordinary resolution” of the Unit Warrant holders: (i) to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the holders and/or the Warrant Agent against the Company; (ii) to assent to any modification of or change in or addition to or omission from the provisions contained in the Warrant Indenture which must be agreed to by the Company; (iii) to sanction any scheme for the reconstruction or reorganization of the Company or for the consolidation, amalgamation or merger of the Company with any other corporation or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of the Company or any part thereof in certain circumstances; (iv) to direct or authorize the Warrant Agent to exercise any power, right, remedy or authority given to it by the Warrant Indenture or to refrain from exercising any such power, right, remedy or authority; (v) to waive and direct the Warrant Agent to waive any default of the Company under the Warrant Indenture; (vi) to restrain any Unit Warrant holder from taking or instituting any suit, action or proceeding for the purpose of enforcing any of the covenants of the Company contained in the Warrant Indenture; (vii) to direct any Unit Warrant holder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such holder in connection therewith; and (viii) to amend, alter or repeal any “extraordinary resolution” previously passed or sanctioned by the Unit Warrant holders.

### ***Agent Warrants***

The Agent will receive, on the Closing Date, Agent Warrants, exercisable for a period of 36 months after the Closing Date, to acquire, in the aggregate, that number of Agent Shares equal to 7% of the number of Offered Securities sold pursuant to the Offering at the Unit Offering Price. A total of ● Agent Shares will be reserved for issue by the Company pursuant to the exercise of the Agent Warrants to allow for the maximum number of Agent Warrants that may be issued if the Maximum Offering is completed.

The terms governing the Agent Warrants will be set out in the certificates representing the Agent Warrants and will include, among other things, customary provisions for the appropriate adjustment of the class and number of the Agent Shares issuable pursuant to any exercise of the Agent Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any payment of stock dividends to holders of all of the Common Shares, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity, as well as customary amendment provisions.

The Agent, as holder of the Agent Warrants, will not as such have any voting right or other right attached to Common Shares until the Agent Warrants are exercised as provided for in the certificate representing the Agent Warrants.

### **CONSOLIDATED CAPITALIZATION**

There have been no material changes in the Company’s share and loan capital, on a consolidated basis, since December 31, 2021, the date of the Company’s most recent audited annual financial statements.

## OPTIONS TO PURCHASE SECURITIES

### Stock Option Plan

The Company has a stock option plan (the “**Stock Option Plan**”) which was last approved by the disinterested shareholders of the Company at the annual and special meeting of the shareholders of the Company held on June 29, 2021. The purpose of the Stock Option Plan is to encourage, attract, retain and motivate directors, employees and consultants of the Company by granting such participants options to purchase Common Shares and therefore giving them an on-going proprietary interest in the Company.

The Stock Option Plan has the following key features:

- The maximum number of Common Shares that may be issued upon the exercise of stock options granted under the Stock Option Plan is equal to 10% of the outstanding Common Shares less the aggregate number of Common Shares reserved for issue or issuable under any other security-based compensation arrangement of the Company.
- Unless the Company has received disinterested shareholder approval, the maximum number of Common Shares that may be issued to any individual in any 12-month period under the Stock Option Plan may be no more than 5% of the issued and outstanding Common Shares less the aggregate number of Common Shares reserved for issue or issuable under any other security-based compensation arrangement of the Company. The foregoing restriction is reduced to 2% in the case of consultants and individuals providing investor relations services.
- Stock options may be granted to eligible participants (“**Eligible Participants**”) or each of their permitted assigns from time to time. Eligible Participants include present and future directors, employees and consultants of the Company or its subsidiaries.
- The exercise price for each stock option is fixed by the Board at the time of the grant in compliance with the Stock Option Plan, applicable law, and the policies of the stock exchange on which the Common Shares may be listed.
- Stock options cannot be granted for a term exceeding 5 years.
- Stock options vest, and become exercisable, according to the terms in the Stock Option Plan and the discretion of the Board.
- Stock options granted to consultants conducting investor relations activities for the Company vest in stages over 36 months with no more than 1/3 of the Options vesting in any twelve-month period.
- Stock options granted pursuant to the Stock Option Plan are non-transferable and non-assignable, other than by will or by the laws of descent and distribution or to a permitted assign.
- Stock options are subject to early termination if an optionee ceases to be a director, officer or a part-time or full-time employee or service provider of the Company or of its subsidiaries, for any reason other than death. Subject to the discretion of the Board to determine otherwise, the stock options held by such person terminate 30 days after such person ceases to be an Eligible Participant. If an Eligible Participant is a consultant, the entitlement of such consultant to options, including the termination thereof, is in accordance with the terms of such consultant’s consulting agreement.
- In the event of the death of an Eligible Participant, stock options held by such Eligible Participant may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal representative(s) of the estate of such Eligible Participant at any time during the first six months following the death of the Eligible Participant (but prior to the expiry of the option in accordance with the terms thereof) but only to the extent that the Eligible Participant was entitled to exercise such option at the date of the termination of his employment.
- If (i) a bona fide offer to purchase all of the issued Common Shares is made by a third party, (ii) the Company proposes to sell all or substantially all of its assets, then notwithstanding that at the effective time of such transaction the Eligible Participant may not be entitled to all the Common Shares granted by the Stock option, the Eligible Participant shall be entitled to exercise the Stock

Options to the full amount of the Common Shares remaining at that time within 90 days of the close of any such transaction.

- The Board may amend the Stock Option Plan or any stock option issued pursuant to the Stock Option Plan (i) to reduce the number of Common Shares into which a stock option is exercisable, (ii) to increase the exercise price of a stock option, or (iii) to cancel any stock option. For any other amendments to the Stock Option Plan or stock options granted pursuant to the Stock Option Plan, the Company is required to obtain the approval of the shareholders and in certain cases approval of the stock exchange on which the Common Shares may be listed.

### ***Outstanding Stock Options***

As of the date of this Prospectus, there are certain options to purchase Common Shares outstanding under the Stock Option Plan, entitling the holders thereof to acquire an aggregate number of 946,666 Common Shares, as set out in the table below:

	<b>Number of securities underlying unexercised options (#)</b>	<b>Option Exercise Price (\$)</b>	<b>Value of unexercised in-the-money options on the date of this Prospectus (\$)</b>	<b>Value of unexercised in-the-money options on the date of grant (\$)</b>
Executive Officers	240,000	0.075	●	●
Directors	240,000	0.075	●	●
Consultants	466,666	0.075	●	●

### **Warrants**

As of the date of this Prospectus, there are certain warrants to acquire Common Shares outstanding, entitling the holders thereof to acquire an aggregate number of 10,337,772 Common Shares exercisable until the dates and at the prices set out in the table below:

<b>Number of Warrants</b>	<b>Date of Issue</b>	<b>Number of Underlying Common Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,399,993	May 22, 2020	2,399,993	\$0.075	May 22, 2025
109,600	August 14, 2020	109,600	\$0.075	August 14, 2022
711,759	October 30, 2020	711,759	\$0.20	October 30, 2023
573,190	November 19, 2020	572,920	\$0.20	November 19, 2023
3,823,242	February 19, 2021	3,928,326	\$0.20	February 19, 2024
105,084	February 19, 2021	105,084	\$0.20	February 19, 2024

Number of Warrants	Date of Issue	Number of Underlying Common Shares	Exercise Price	Expiry Date
1,047,003	December 31, 2021	1,047,003	\$0.40	December 31, 2024
11,900	December 31, 2021	11,900	\$0.40	December 31, 2024
1,514,000	January 26, 2022	1,514,000	\$0.40	January 26, 2025
42,000	January 26, 2022	42,000	\$0.40	January 26, 2025

### PRIOR SALES

The following table summarizes the sales of Common Shares and other securities convertible into or exercisable or exchangeable for Common Shares by the Company within the 12 months prior to the date of this Prospectus.

Date	Aggregate Number and Type of Securities Issue	Aggregate Proceeds	Price per Security
February 19, 2021	551,902 Flow-Through Units <sup>(1)</sup>	\$93,823	\$0.17
February 19, 2021	3,271,340 Units <sup>(2)</sup>	\$490,701	0.15
December 31, 2021	1,047,003 Flow-Through Units <sup>(3)</sup>	\$314,101	\$0.30
January 26, 2022	1,514,000 Units <sup>(4)</sup>	\$378,500	\$0.25

Notes:

- (1) Issued under the third tranche of the 2020 Flow-Through Financing. Each unit consisted of one Common Share which was a “flow-through share” as defined under subsection 66(15) of the Tax Act and one warrant to purchase Common Shares, with each such warrant being exercisable to acquire one Common Share at a price of \$0.20 per Common Share for a period of 36 months after the date on which the Common Shares are issued.
- (2) Issued under the third tranche of the 2020 Financing. Each unit consisted of one Common Share and one warrant to purchase Common Shares, with each such warrant being exercisable to acquire one Common Share at a price of \$0.20 per Common Share for a period of 36 months after the date on which the Common Shares are issued.
- (3) Issued under the first tranche of the 2022 unit financing. Each unit consisted of one Common Share which was a “flow-through share” as defined under subsection 66(15) of the Tax Act and one warrant to purchase Common Shares, with each such warrant being exercisable to acquire one Common Share at a price of \$0.40 per Common Share for a period of 36 months after the date on which the Common Shares are issued.
- (4) Issued under the final tranche of the 2022 unit financing. Each unit consisted of one Common Share and one warrant to purchase one Common Share, with each such warrant being exercisable to acquire one Common Share at a price of \$0.40 per Common Share for a period of 36 months after January 26, 2022.

### ESCROWED SECURITIES

Trading in all securities of the Company is prohibited during the period between the date on which a receipt for the Prospectus is issued by the regulator and the time the Common Shares are listed for trading on the CSE except where appropriate registration and prospectus exemptions are available under securities legislation or pursuant to an order of the applicable securities regulatory authority.

In accordance with NP 46-201, all securities of the Company owned or controlled by its Principals (as defined below) will be escrowed on the Closing Date, unless the securities of the Company held by the Principal or issuable to the Principal upon conversion of convertible securities held by them, collectively represent less than 1% of the total issued and outstanding number of Common Shares after giving effect to the Offering.

A “Principal” for the purposes of NP 46-201 is:

- (a) a person or company who acted as a promoter of the Company within two years before the date of this Prospectus;
- (b) a director or senior officer of the Company at the time of this Prospectus;
- (c) a person or company that holds more than 20% of the Common Shares immediately before and immediately after the Closing Date; and
- (d) a person or company that holds more than 10% of the Common Shares immediately before and immediately after the Closing Date and who has elected, or has the right to elect or appoint, one or more directors or senior officers of the Company.

In the event that the Common Shares become listed on the CSE, the Company anticipates that it will be classified as an “emerging issuer”, as defined under NP 46-201 upon such listing. Each of Peter Schloo, Patrick Mohan, James Fairbairn and Wray Carvelas (collectively the “Escrow Holders”) would fall within the definition of Principal. In accordance with applicable securities rules, the Escrow Holders have executed an escrow agreement with the Company and TSX Trust Company (the “Escrow Agent”) made as of ●, 2022 substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1) (the “Escrow Agreement”) in respect of the securities listed in the table below (collectively the “Escrowed Securities”). The Escrow Agreement will be filed under the Company’s profile at [www.sedar.com](http://www.sedar.com) upon listing.

Pursuant to the terms of the Escrow Agreement, each of the Escrow Holders has agreed that until three years after the Listing Date, such Escrow Holder will not transfer or otherwise dispose of such Escrow Holder’s Escrowed Securities during the term of the Escrow Agreement, except that, the following automatic timed releases will apply to such Escrowed Securities:

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

The following table sets out information on the number of Escrowed Securities subject to the terms of the Escrow Agreement among the Company, the Escrow Agent and each of the Escrow Holders:

Name	Designation of Class	Number of Escrowed Securities	Percentage of Class	Percentage of Class
			aftergiving effect to the Minimum Offering on a non-diluted basis	aftergiving effect to the Maximum Offering on a non-diluted basis
Peter Schloo	Common Shares	1,119,216	●	●
Peter Schloo	Warrants	719,216	●	●
Peter Schloo	Options	120,000	●	●
James Fairbairn	Common Shares	346,548	●	●
James Fairbairn	Warrants	306,548	●	●
James Fairbairn	Options	120,000	●	●
Wray Carvelas	Common Shares	433,333	●	●
Wray Carvelas	Warrants	33,334	●	●
Wray Carvelas	Options	120,000	●	●
Patrick Mohan	Common Shares	345,882	●	●
Patrick Mohan	Warrants	305,882	●	●
Patrick Mohan	Options	120,000	●	●

Under the terms of the Escrow Agreement, any Escrowed Securities may be transferred within escrow to an individual who is a director or senior officer of the Company or of a material operating subsidiary of the Company, subject to the approval of the Board, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or any of its material operating subsidiaries. Upon the bankruptcy of a holder of Escrowed Securities, the Escrowed Securities may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of a holder of Escrowed Securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative. The Escrow Agreement also provides that Escrowed Securities can be transferred within escrow to a financial institution on the realization of Escrowed Securities pledged, mortgaged or charged by the holder of such Escrowed Securities to the financial institution as collateral for a loan. Pursuant to the terms of the Escrow Agreement, Escrowed Securities may also be transferred within escrow to or between registered retirement savings plans, registered retirement income funds or other similar registered plans or funds with a trustee, where the annuitant of such plans or funds, or the beneficiaries of the other registered plan or funds are limited to the holder and his or her spouse, children and parents, or in the case of a trustee of such a registered plan or fund, to the annuitant of the registered plan or fund, or a beneficiary of the registered plan or fund, as applicable, or his or her spouse, children and parents.

#### PRINCIPAL SECURITYHOLDERS

As of the date of this Prospectus, the following persons beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the outstanding voting rights attached to the Common Shares:



Shareholder Name	Ownership (Direct/ Indirect)	Number of Common Shares Owned Immediately Prior to the Offering <sup>(1)(2)</sup>	% of Class prior to the Offering <sup>(3)</sup>	Assuming Completion of the Minimum Offering		Assuming Completion of the Maximum Offering	
				Anticipated number of Common Shares	% of Class (non-diluted)	Anticipated number of Common Shares	% of Class (non-diluted)
Ten Point Fund	Direct	3,433,333	11.64%	●	●	●	●

Notes:

- (1) To the knowledge of the Company, none of these Common Shares are subject to any voting trust or similar agreement other than the lock-up agreements set out in “*Plan of Distribution*”.
- (2) On a fully diluted basis prior to the Offering.
- (3) Based on 29,486,667 issued and outstanding Common Shares on a fully diluted basis prior to the Offering.

### DIRECTORS AND EXECUTIVE OFFICERS

The articles of the Company provide that the number of directors shall not be fewer than one and not more than 10. Each director holds office until the close of the next annual meeting of the Company, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Board currently consists of four directors.

The following table sets forth the name, municipality of residence, position held with the Company, principal occupation and number of Common Shares beneficially owned by each person who is a director and/or an executive officer of the Company. All directors are expected to hold their position until the next annual meeting of shareholders of the Company.

Name and Municipality of Residence	Current Office with the Company	Since	Principal Occupations During Five Preceding Years	No. of Common Shares and % Owned Directly and Indirectly <sup>(3)</sup> (at the date of this Prospectus)
Peter Schloo <sup>(1)</sup> Toronto, Ontario	President, CEO and Director	October 19, 2019	Director Great White Capital Ltd.	1,119,216 6.15%
Patrick Mohan <sup>(1)(2)</sup> Toronto, Ontario	Chairman	May 20, 2020	President of the Mohan Group	345,882 1.90%
Wray Carvelas <sup>(2)</sup> Mississauga, Ontario	Director	May 20, 2020	President, CEO and Director of DRA Global CEO and Director of Ascencia Group	433,333 2.38%
James Fairbairn Haliburton, Ontario	CFO and Director	May 20, 2020	Financial Consultant	346,548 1.90%

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Based on 18,202,229 Common Shares outstanding as of the date of this Prospectus. The directors and executive officers beneficially own, control or direct, directly or indirectly, an aggregate total of 2,244,979 Common Shares representing 12.33% of the issued and outstanding Common Shares on a non-diluted basis as of the date of this Prospectus.

### **Corporate Cease Trade Orders or Bankruptcies**

Other than as described herein, to the best of the Company's knowledge, information and belief, no current director or executive officer of the Company, or any director expected to be appointed immediately following the closing of the Offering, is, as at the date of this Prospectus, or within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to an order 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 an order 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 was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above paragraph, "order" means a cease trade order, an order similar to a cease trade order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

### **Bankruptcies**

To the best of the Company's knowledge, information and belief, 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 this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the 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 this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### **Penalties or Sanctions**

To the best of the Company's knowledge, information and belief, 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.

### **Personal Bankruptcies**

To the best of the Company's knowledge, information and belief, none of the Company's directors or officers has individually, within the 10 years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

### **Conflicts of Interest**

To the best of the Company's knowledge, information and belief, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors

and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. As required by law, each of the directors of the Company is required to act honestly, in good faith and in the best interests of the Company. In the event of a conflict of interest, the Company will follow the requirements and procedures of applicable corporate and securities legislation and applicable exchange policies, including the relevant provisions of the BCBCA.

### **Director and Management Biographies**

The following are brief biographies of the executive officers and the directors of the Company.

#### ***Peter Schloo, CPA, CA, CFA – CEO and Director***

Peter Schloo is 33 years old and holds the CPA, CA and CFA designations. He has over eight years of progressive experience in capital markets, operations and assurance. He has held senior Executive & Director positions in a number of private companies, a majority in the Precious Metals sector including CFO of Spirit Banner Capital Corp. and VP Corp Dev. and Interim CFO for Ion Energy Ltd. Mr. Schloo is also currently a Director of Pacific Empire Minerals Corp. (PEMC). He devotes 90% of his time to his roles at the Company and is an independent contractor.

Mr. Schloo's past successes include over C\$80M in associated capital raising opportunities involving public and private companies. For the past five years, Mr. Schloo has been a director of Great White Capital Ltd., which is currently in business providing executive consulting services, focusing on financial, administrative and capital markets services. The Company engages Great White Capital Ltd. for executive and administrative services contracts. Mr. Schloo has not entered into a non-competition or non-disclosure agreement with the issuer.

#### ***Patrick Mohan - Chairman***

Patrick Mohan is a 35-year investor relations veteran and Chairman of the Board the Company as a part-time independent contractor. His principal occupation for the past five years was as the founder, President & Chief Executive Officer of Mohan Group, Inc. which is in the principal business of advertising. Mr. Mohan is also on the board of Metals Creek Resources Corp.

Previously, Mr. Mohan occupied the position of President, CEO, Director & Head-Investor Relations at Kitrinor Metals Inc. Mr. Mohan's past successes include the development of the Cote gold Project and the sale of Trelawney Mining & Exploration to IAMGOLD Corp for C\$585 million (US\$595 million) in cash in 2012.

Patrick Mohan held numerous board positions including Trelawney Mining and Exploration Inc. Metals Creek Resources Corp. SOL Global Investments Corp, Delta Uranium Inc., RB Energy Inc. Mr. Mohan adds significant value to the Company drawing on his significant experience to date. Mr. Mohan is 64 years old. He has not entered into a non-competition or non-disclosure agreement with the issuer.

#### ***Wray Carvelas – Director***

Wray Carvelas has provided 25 years of visionary leadership, developing and implementing ambitious mining projects and strategic business plans. His principal occupation for the previous five years was as President, CEO, and Director at DRA Global & Ascencia Group. Ascencia Group's principal business is executive leadership development, and strategy development and implementation. At DRA Global, he was responsible for the leadership, direction and growth of the global business, with significant mining development projects and outsourced minerals operations across five continents. Mr. Carvelas also held positions at De Beers, Kellogg Brown Root, and EL Bateman, where he was involved in operations management and led the development and execution of several mining projects.

Mr. Carvelas is engaged with the Company part-time as an independent contractor. He is 57 years old and has led complex projects and grown businesses across multiple jurisdictions both organically and through M&A transactions. With his people focused approach, Wray is able to unleash talent and potential in teams so that they can deliver their business objectives. Mr. Carvelas has not entered into a non-competition or non-disclosure agreement with the issuer.

#### ***James Fairbairn, CPA, CA, ICD.D – CFO and Director***

James Fairbairn, CPA, ICD.D James Fairbairn has been the Chief Financial Officer of the Company since 2019. Mr. Fairbairn is a Chartered Professional Accountant ("CPA") and a Chartered Accountant ("CA"), having obtained his CA designation in 1987 and is an Institute-certified Director. Mr. Fairbairn holds a Bachelor of Arts from Western University He is an officer and director of several junior listed companies. Since 1987 Mr. Fairbairn has been the president of 1282803 Ontario Inc. which provides CFO consulting services to private and public companies. He is 63 years old and is engaged as an independent contractor part-time.

Mr. Fairbairn's principal occupation in the previous five years was as Director and CFO of 1282803 Ontario Inc., in the business of executive and financial consulting. Mr. Fairbairn has not entered into a non-competition or non-disclosure agreement with the issuer.

## EXECUTIVE COMPENSATION

The following discussion describes the significant elements of the Company's director and executive compensation programs, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer of the Company and the Chief Financial Officer of the Company who were determined to be "Named Executive Officers" within the meaning of NI 51-102 (collectively the "Named Executive Officers"). The Named Executive Officers for the fiscal year ended December 31, 2021 were:

- Peter Schloo, CEO, President and Director
- James Fairbairn, CFO and a Director

### Compensation Discussion and Analysis

#### *Objectives*

The overall objectives of the Company's compensation program include: (a) attracting and retaining talented executive officers who can assist with the Company's mineral exploration and mine development strategy; (b) aligning the interests of those executive officers with those of the Company and the shareholders of the Company; (c) being competitive with the companies with which the Company competes for talent; and (d) rewarding individual contributions in light of overall business results. It is expected that the Company's compensation program will be designed to compensate executive officers for the performance of their duties and to reward them for the performance of the Company.

#### *Elements of Compensation*

The elements of compensation that may be paid to the Named Executive Officers on a go-forward basis are: (a) base salary and bonus; (b) share-based awards; (c) option-based awards; (d) perquisites and personal benefits; and (e) termination and change of control benefits.

Base salary is a fixed element of compensation that will be payable to each Named Executive Officer for performing his or her position's specific duties. The amount of base salary for a Named Executive Officer will be determined through negotiation of an agreement with each Named Executive Officer and will be determined on an individual basis by the need to attract and retain talented individuals. While base salary is intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business will also impact the level of base salary.

Bonuses are short-term performance based financial incentives that will be determined through a formal or informal compensation review process. As the Company grows and develops its projects, including the Drayton - Black Lake Project, the Company may consider formalizing an annual incentive award program that will clearly articulate performance objectives and specific measurable goals that would be linked to individual performance criteria set out for the Named Executive Officers and other executive officers.

Option-based awards are a variable element of compensation that will be used to reward each Named Executive Officer for individual performance and/or the performance of the Company. In this regard, the Company adopted the Stock Option Plan. The Stock Option Plan is designed to provide a long-term incentive and to reward key individuals of the Company. The Stock Option Plan is an integral component of the Company's total compensation program in terms of attracting and retaining key employees and enhancing shareholder value by aligning the interests of executives and employees with the growth and profitability of the Company. The longer-term focus of the Stock Option Plan complements and balances the short-term elements of the compensation policies of the Company.

Pursuant to both plans, the Board may, on the recommendation of the Compensation Committee, grant from time to time to directors, officers, employees and consultants options to purchase Common Shares that entitle holders to receive Common Shares upon vesting conditions being satisfied. In determining the number of stock options to be granted to the eligible persons, the Compensation Committee considers the amount, terms and vesting levels of existing options held by the eligible persons and also the number remaining available for grant by the Company in the future to attract and retain qualified key individuals.

The Company may also provide basic perquisites and personal benefits to certain of its Named Executive Officers. These perquisites and personal benefits will be determined through negotiation of an agreement with each Named Executive

Officer. While perquisites and personal benefits are intended to fit the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business also impact the level of perquisites and benefits.

The Company also anticipates that it will provide for termination and, in certain instances, change of control benefits under the provisions of the agreements that will be negotiated with the Named Executive Officers.

#### ***Risks Associated with Compensation Policies and Practices***

The oversight and administration of the Company's executive compensation program requires the Board to consider risks associated with the Company's compensation policies and practices. The Company's executive compensation policies and practices are intended to align management incentives with the long-term interests of the Company and its shareholders. Practices that are designed to avoid inappropriate or excessive risks include (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk-taking that could affect compensation, (ii) balancing base salary and variable compensation elements, (iii) spreading compensation across short and long-term programs and (iv) vesting of stock options over a period of years.

#### ***Financial Instruments***

The Company does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including prepaid variable forward contracts, swaps, collars or units of exchange funds that could affect the value realized for Common Shares granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, management is not aware of any Named Executive Officer or director purchasing such an instrument.

#### ***Share-Based and Option-Based Rewards***

The process that the Company uses to grant share-based and option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Compensation Committee.

#### ***Other Compensation***

Executive officers may receive cash bonuses based on performance; however, no cash bonus has ever been paid by the Company to date. In addition, the Company is in process of determining an objective mean to determine cash-rated bonuses and incentive for its officers and key employees, which will also have the payment and timing of such payments governed by its cash flow requirements.

#### ***The Role of the Board in Determining Compensation***

The Board approves, or recommends for approval, all compensation to be awarded to the Named Executive Officers. The Board may direct the Compensation Committee and management to gather information on its behalf and provide initial analysis and commentary. The Board reviews this material along with other information received from any external advisors which may be retained in its deliberations before considering or making decisions. The Board has full discretion to adopt or alter management recommendations. The Compensation Committee will regularly consider and determine executive compensation based on market practice following the closing of the Offering.

#### ***The Role of Management***

Management has direct involvement in and knowledge of the business goals, strategies, experiences and performance of the Company. The Chief Executive Officer makes recommendations to the Board and the Compensation Committee, as the case may be, regarding the amount and type of compensation awards for other members of executive management. The Chief Executive Officer does not engage in discussions with the Board regarding his own compensation.

#### ***Corporate and Individual Performance***

The Board exercises its discretion and uses its judgment in making compensation determinations. The Board's assessment of the overall business performance of the Company, including corporate performance against strategy (both quantitative and qualitative) and business circumstances, provides the context for individual executive officer evaluations for all direct compensation awards.

## Summary Compensation Table

The following information is presented in accordance with National Instrument Form 51-102F6V – Statement of Executive Compensation – Venture Issuers, for the Company’s financial years ended December 31, 2021 and 2020.

Table of Compensation excluding Compensation Securities							
Name and Position	Year	Salary or consulting fees	Bonus	Committee or meeting fees	Value of perquisites	All Other Compensation	Total Compensation
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Peter Schloo, Chief Executive Officer, Director <sup>(1)</sup>	2020	41,665	Nil	Nil	Nil	Nil	41,665
	2021	129,206	Nil	Nil	Nil	Nil	129,206
James Fairbairn Chief Financial Officer, Director <sup>(2)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2021	4,000	Nil	Nil	Nil	Nil	4,000
Patrick Mohan	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Wray Carvelas	Nil	Nil	Nil	Nil	Nil	Nil	Nil

*Notes:*

(1) \$123,833 received as Chief Executive Officer; nil received as director

(2) \$4,000 received as Chief Financial Officer; nil received as director

## Incentive-Plan Awards

### Option-Based and Share-Base Awards Outstanding

The following table sets forth details of all awards outstanding for the Named Executive Officers and directors as at the end of the most recently completed financial year.

Option-based Awards						
Name and position	Type of Compensation Security	Number of securities underlying unexercised options (#) and percentage of class	Date of issue or grant	Option Exercise Price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Peter Schloo, Chief Executive Officer,	Options	120,000 12.68%	August 29, 2020	0.075	August 29, 2025	14,844

Director						
James Fairbairn Chief Financial Officer, Director	Options	120,000 12.68%	August 29, 2020	0.075	August 29, 2025	14,844
Patrick Mohan	Options	120,000 12.68%	August 29, 2020	0.075	August 29, 2025	14,844
Wray Carvelas	Options	120,000 12.68%	August 29, 2020	0.075	August 29, 2025	14,844

### **Stock Option Plans and Other Incentive Plans**

#### **Pension Plan Benefits and Defined Contribution Plans**

The Company does not have a pension plan or defined benefit plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

#### **Employment, Consulting and Management Agreements**

The Company has in place the following employment, consulting or management agreements between the Company or any subsidiary or affiliate thereof and its Named Executive Officers, directors and other executives of the Company:

##### ***Peter Schloo, Chief Executive Officer, President and Director***

Pursuant to a personal management/executive services agreement between the Company and Great White Capital Ltd. (“GWC”), a company controlled by Peter Schloo, effective as of February 1, 2021, GWC will provide the services of Peter Schloo as President and Chief Executive Officer of the Company (the “**Great White Capital Agreement**”) for an initial monthly (i) cash management fee of \$10,500, plus applicable taxes.

In the event that there is a change of control of the Company, either GWC or the Company shall have one year from the date of such change of control to elect to have the Great White Capital Agreement terminated. In the event that such an election is made, the Company shall, within 30 days of such election, make a lump sum termination payment to GWC that is equivalent to the management fees received by GWC during the previous 12 months.

##### ***James Fairbairn, Chief Financial Officer***

Pursuant to a personal management/executive services agreement between the Company and Mr. Fairbairn, effective as of September 1, 2021, Mr. Fairbairn was retained by the Company as the Chief Financial Officer of the Company for monthly cash management fee of \$1,000, plus applicable taxes.

#### **Termination and Change of Control Benefits**

The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer, in connection with or related to the retirement, termination or resignation of such person and the Company has provided no compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates. Other than as already disclosed under the section entitled “*Statement of Executive Compensation – Employment, Consulting and Management Agreements*” in this Prospectus, the Company is not party to any compensation plan or arrangement with Named Executive Officers resulting from the resignation, retirement or the termination of employment of such person.

#### **Indemnification and Insurance**

The Company maintains director and officer liability insurance to limit the Company’s exposure to claims against, and to protect, its directors and officers. In addition, the Company has entered into indemnification agreements with each of

its directors and officers. The indemnification agreements require that the Company indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in, or not opposed to, the Company's best interests. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Company.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the Company's directors or executive officers, or associates or affiliates of the foregoing persons is indebted to the Company or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

#### **AUDIT COMMITTEE**

The primary function of the Audit Committee of the Board is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company. In accordance with NI 52-110, information with respect to the audit committee of a "venture issuer" (as that term is defined in NI 52-110) is contained below. The Company is a "venture issuer" for the purposes of NI 52-110. The full text of the charter of the Audit Committee, as passed unanimously by the Board, is attached to this Prospectus as Schedule A.

##### ***Composition of the Audit Committee***

The Audit Committee is composed of Patrick Mohan (Chair), Peter Schloo and Wray Carvelas, of whom two are "independent" directors, and all of whom are financially literate, within the meaning of NI 52-110.

##### ***Relevant Education and Experience***

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. 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 one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Patrick Mohan (Chair) has held numerous board and audit committee positions over his 35 years in the industry. Additionally, he holds the Institute of Corporate Directors Designation. Previously he occupied the position of President, CEO, Director & Head-Investor Relations at Kitrinor Metals Inc. Mr. Mohan's past successes include the development of the Cote gold Project and the sale of Trelawney Mining & Exploration to IAMGOLD Corp for C\$585 million (US\$595 million) in cash in 2012.

Wray Carvelas has senior executive experience in large private companies, as a senior executive at DRA Global, he was responsible for the growth and development of the business in both North and South America. The mandate was to grow business in the Americas, both organically and inorganically without any significant capital base. Mr. Carvelas also held positions at KBR, ELB, and De Beers, involving management of development and production responsibilities.

Peter Schloo holds the Chartered Professional Accountant, Chartered Accountant and the Chartered Financial Analyst Designations. He has held numerous CFO positions with private and public companies and is currently on the board of directors and audit committee member of Pacific Empire Minerals Corp.

##### ***Reliance on Exemptions in NI 52-110***



Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company’s auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor’s annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year’s audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);
3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member’s reasonable control);
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

The Company is a “venture issuer” for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

***Pre-Approval Policies and Procedures for Non-Audit Services***

As at the date of this Prospectus, the Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

***External Auditor Fees***

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2021 and December 31, 2020.

<b>Financial Period</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit-Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
Year Ended December 31, 2021	\$18,000 <sup>(5)</sup>	N/A	N/A	N/A
Years Ended December 31, 2020 and 2019	\$15,000	N/A	N/A	N/A

***Notes:***

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.
- (5) Audit Fees for Year Ended December 31, 2021 are estimated.

## **REPORT ON CORPORATE GOVERNANCE**

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. NI 58-101 and NP 58-201 (collectively the “**Governance Guidelines**”) of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company’s approach to governance and outlines the various procedures, policies and practices that the Company and the Board have implemented.

### ***Board of Directors***

The Board is responsible for the stewardship and the general supervision of the management of the business and for acting in the best interests of the Company and its shareholders. The Board is composed of four directors being Patrick Mohan, Peter Schloo, Wray Carvelas and James Fairbairn. NI 58-101 requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a “material relationship” with the issuer. Of the directors of the Company, Patrick Mohan and Wray Carvelas are considered to be “independent” within the meaning of NI 58-101 as none of them is or will be an executive officer or employee of the Company or party to any material contract with the Company and none of them will receive remuneration from the Company in excess of directors’ fees and grants of stock options. Peter Schloo, the Chief Executive Officer and President of the Company, and James Fairbairn, the Chief Financial Officer of the Company are not considered independent.

### *Meetings of Independent Directors*

Currently, the Board is satisfied that it will exercise its responsibilities for independent oversight of management through separate meetings of the independent directors and through committee meetings of independent directors. To enhance the Board’s ability to act independently of management, the Board: (i) may meet in the absence of members of management and the related directors; or (ii) may excuse such persons from all or a portion of any meeting where appropriate.

### *Mandate of the Board of Directors*

The Board is responsible for supervising the management of the business and affairs. The Board has responsibility for and will actively participate in the following matters: (i) adoption of a strategic planning process and approval of any strategic plans; (ii) identification of the principal risks relative to the Company’s business implementation of appropriate systems to manage such risks; (iii) succession planning, including supervising the training and monitoring of the Company’s senior management; (iv) adoption and implementation of the Company’s communications policy; (v) overseeing the integrity of the Company’s internal controls and management information systems; (vi) ensuring the Board and its members are available to senior management of the Company for the purpose of assisting the Company to respond to opportunities, risks and other developments as necessary from time to time; (vii) ensuring the code of business conduct and ethics is reviewed and, if considered appropriate, revised periodically; (viii) ensuring a documents retention policy is established; and (ix) ensuring the corporate governance practices policy is reviewed and, if considered appropriate, revised periodically.

### *Decisions Requiring Board Approval*

Certain matters must by law or by the articles of the Company be approved by the Board. In addition, management is required to obtain Board approval for any significant new venture which is outside the Company's ordinary course of business, for any extraordinary expenditure and, for any material transaction.

### *Board Committees*

The Board has constituted two committees as follows: an Audit Committee and a Compensation Committee. Currently, committee matters other than those concerning the Audit Committee and the Compensation Committee, are being dealt with by the Board as a whole. In addition, the Board has not delegated other matters to a committee and deals with such matters as a "Committee as a Whole".

The following persons are currently members of the Board's various committees:

<b>Committee</b>	<b>Chair</b>	<b>Members</b>
Audit Committee	Patrick Mohan	Peter Schloo, Wray Carvelas
Compensation Committee	Wray Carvelas	Patrick Mohan

### *Audit Committee*

The Audit Committee is composed of three directors as named above, of which the majority are "independent". The composition and operation of the Audit Committee is described in the section entitled "*Audit Committee*" in this Prospectus.

### *Compensation Committee*

The Compensation Committee is composed of two directors, all of whom are "independent". The Compensation Committee is responsible for: (i) reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer compensation, evaluating the Chief Executive Officer's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to the Chief Executive Officer's compensation level (ii) making recommendations with respect to non-executive officer and director compensation, incentive-compensation plans and (iii) reviewing disclosure information.

### *Meetings of Committees*

Meetings of committees are held at such time and on such day as the Chair of the committee may determine. Notice of meetings of each committee is to be given to each member not less than 48 hours before the time when the meeting is to be held. A quorum for a meeting of a committee is a majority of the members. The members elect one of their number as Chair of the committee. The Chair of the committee, if present, acts as chair of meetings of the committee. If the Chair is not present at a meeting of the committee, the members present at the meetings may select one of their members to preside at that meeting. Chairs of the committees have been previously identified in this section.

### *Other Directorships*

The following directors are currently directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions:

<b>Director</b>	<b>Name of reporting issuer</b>	<b>Stock exchange</b>
Peter Schloo	Pacific Empire Minerals Corp.	TSX.V
Patrick Mohan	Metals Creek Resources Corp.	TSX.V
Patrick Mohan	RB Energy Inc.	N/A
James Fairbairn	Argentum Silver Corp.	TSX.V
James Fairbairn	US Copper Corp	TSX.V
James Fairbairn	Western Troy Capital Resources Inc.	TSX.V

### ***Orientation and Continuing Education***

The Corporate Governance and Disclosure Committee is responsible for proposing new nominees to the Board, and for providing an orientation and education program for new Board recruits and continuing education for Board members. It is responsible for orienting and educating its members. New recruits to the Board will receive a full program of orientation and education, including the following:

- background on the business and operations of the Company;
- copies of the articles and notice of articles of the Company;
- information relative to recent Board and shareholder proceedings;
- copies of policy and corporate practice statements; and
- information relative to applicable corporate, securities and exchange requirements.

It is the personal responsibility of each director to become familiar and monitor the above listed items as they may change over time. The Company's officers are available to assist with this process.

### ***Ethical Business Conduct***

The Company has developed a formal code of ethical business conduct (the "Code"), which is designed to assist the Company's directors, officers and employees better understand their expectations and responsibilities in the discharge of their duties. The Code provides a general framework of how to approach, resolve and report the ethical and legal issues encountered by the Company's directors, officers and employees in carrying out their business functions. As articulated in the Code, directors, officers and employees of the Company are expected to act with the utmost integrity in all of their affairs which might impact the Company.

The Company's Code and Disclosure Policy are reproduced and discussed in the Company's Employee Handbook which is, together with the Company's Safety Health Environmental and Community Relations Manual, provided to each employee upon joining the Company.

### ***Compensation***

See the section entitled "Executive Compensation" above on the process of determining compensation.

### ***Other Board Committees***

The Company does not currently have any Board committees other than the Audit Committee and the Compensation Committee.

### ***Assessments***

The Board does not consider that formal assessment of the Board, its committees and individual directors would be useful at this stage of the Company's development. However, the Corporate Governance and Disclosure Committee conducts informal assessments of such individuals and committees.

## **PLAN OF DISTRIBUTION**

Pursuant to the Agency Agreement, the Company has appointed the Agent to exclusively offer for sale, on a "commercially reasonable efforts" basis, (i) up to ● FT Units to be issued at the FT Unit Offering Price and (ii) up to ● Units to be issued at the Unit Offering Price, in any combination to raise minimum aggregate gross proceeds of \$● or maximum aggregate gross proceeds of \$●

\$● provided that a minimum of \$● Units must be sold under the Minimum Offering for aggregate gross proceeds of \$● and a minimum of \$● Units must be sold under the Maximum Offering for aggregate gross proceeds of \$●.

The FT Unit Offering Price and the Unit Offering Price were each determined based upon arm's length negotiations between the Company and the Agent.

The obligations of the Agent under the Agency Agreement are conditional, may be terminated at their discretion on the basis of a "material adverse change-out", "due diligence-out", "disaster-out", "regulatory-out", "litigation-out" and "market out" conditions and may also be terminated upon the occurrence of certain stated events.

The Company has granted the Agent the Over-Allotment Option, exercisable by the Agent in whole or in part, in its sole discretion, upon giving written notice to the Company at any time up to 30 days after the Closing Date, to purchase up to ● Additional Securities at the Unit Price, representing 15% of the number of Units sold under the Offering, on the same terms and conditions as the Units issued under the Offering, exercisable in whole or in part from time to time, to cover over-allotments, if any, and for market stabilization purpose. The grant of the Over-Allotment Option and the securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus. A purchaser who acquires Additional Securities forming part of the Over-Allotment Option acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscriptions for FT Units hereunder will be made by the Agent, as agent for and behalf of all purchasers of FT Units. The Flow-Through Shares will qualify as “flow-through shares” as defined in subsection 66(15) of the Tax Act. The FT Unit Warrants and FT Warrant Shares will not qualify as “flow-through shares” as defined in subsection 66(15) of the Tax Act. Purchasers who place an order to purchase FT Units will be deemed to have authorized the Agent to execute, on their behalf, a subscription agreement providing for the purchase of the relevant FT Units (collectively the “**Flow-Through Subscription Agreements**”). The Flow-Through Subscription Agreements will contain, among others, the following representations, warranties and covenants made by each purchaser to the Company, namely, that:

- the purchaser’s subscription for FT Units is subject to acceptance by the Company and is effective only upon such acceptance;
- the purchaser has received and reviewed a copy of this Prospectus;
- except as provided in the relevant Flow-Through Subscription Agreement and in this Prospectus, the purchaser waives any right it may have to any potential incentive grants, credits or similar or like payments or benefit which accrue as a result of the operations relating to the Qualifying Expenditures to be incurred by the Company and acknowledges that all such grants, credits, payments or benefit accrue to the benefit of the Company;
- except as provided in the relevant Flow-Through Subscription Agreement and in this Prospectus, the purchaser waives any right it may have to any potential incentive grants, credits or similar or like payments or benefit which accrue as a result of the operations relating to the Qualifying Expenditures to be incurred by the Company and acknowledges that all such grants, credits, payments or benefit accrue to the benefit of the Company;
- neither the purchaser nor any beneficial purchaser for whom it is acting is a non-resident of Canada for the purposes of the Tax Act;
- the purchaser, if an individual, is of full age of majority and is otherwise legally competent to enter into the relevant Flow-Through Subscription Agreement and take all action pursuant thereto;
- the purchaser, if other than an individual, has the necessary capacity and authority to enter into the relevant Flow-Through Subscription Agreement and has taken all necessary action in respect thereof;
- the purchaser, and any beneficial purchaser for whom it is acting deals, and until January 1, 2023, will continue to deal, at arm’s length with the Company for the purposes of the Tax Act; and
- the purchaser has not entered into and will not knowingly enter into any agreement or arrangement to which the Company is not a party which will cause the relevant Flow-Through Shares to become “prescribed shares” or the FT Unit Warrants to become “prescribed rights” within the meaning of section 6202.1 of the Regulations.

The Flow-Through Subscription Agreements will contain additional representations, warranties and covenants by the purchaser in favour of the Company. In addition, each purchaser will acknowledge that the purchaser has been encouraged to and should obtain independent legal and tax advice with respect to such purchaser’s subscription of FT Units and, accordingly, has been independently advised as to the meanings of all terms contained in the Flow-Through

Subscription Agreement relevant to the purchaser for the purposes of giving representations, warranties and covenants under the Flow-Through Subscription Agreement.

In the Flow-Through Subscription Agreements, the Company will covenant and agree, among other things: (i) to incur on or before of December 31, 2023, and renounce to each purchaser of FT Units, effective on or before December 31, 2022, Qualifying Expenditures in an amount equal to the aggregate purchase price paid by such purchaser attributable to the FT Units and (ii) that if the Company does not renounce to such purchaser of FT Units, effective on or before December 31, 2022, Qualifying Expenditures equal to such amount, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the Company will indemnify such purchaser for an amount equal to the amount of tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by the purchaser as a consequence of such failure or reduction. The Flow-Through Subscription Agreements will contain additional representations, warranties, covenants and agreements by the Company in favour of each purchaser that will be consistent with, and supplement, the Company's obligations as described in this Prospectus.

Pursuant to the Agency Agreement, the Company has agreed to pay the Agent a cash commission of 7% of the gross subscription proceeds from the sale of the Offered Securities pursuant to the Offering. In addition, the Company will issue Agent Warrants to the Agent entitling the Agent to purchase that number of Agent Shares that is equal to 7% of the number of Offered Securities issued pursuant to the Offering, being a maximum of ● Agent Warrants assuming the completion of the Maximum Offering. Each Agent Warrant entitles the holder to purchase one Agent Share at the Unit Offering Price for a period of 36 months after the Closing Date. This Prospectus also qualifies the issue of the Agent Warrants. In addition, the Company will reimburse the Agent for all reasonable expenses incurred in connection with the Offering.

NI 41-101 imposes a restriction on the maximum number or principal amount of securities which may be distributed under a prospectus to an agent as compensation ("**Qualified Compensation Securities**"). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the securities offered pursuant to the applicable prospectus (the "**Qualified Securities Compensation Limit**"), which in the case of this Offering is ● securities (calculated as 7% of the Offered Securities qualified for distribution hereunder, assuming the completion of the Maximum Offering). Accordingly, for the purposes of this Offering, the maximum of ● Agent Warrants constitute Qualified Compensation Securities and are qualified for distribution by this Prospectus.

Subscriptions for Offered Securities hereunder are received subject to rejection or allotment in whole or in part by the Agent. It is expected that the closing will take place on the Closing Date. It is expected that the Company will arrange for an instant deposit of the Offered Securities to or for the account of the Agent with CDS or its nominee on the Closing Date through non-certificated issue, against payment of the aggregate purchase price for the Offered Securities. Other than in limited circumstances, a purchaser of Offered Securities will receive only a customer confirmation from the registered dealer from or through which Offered Securities are purchased unless specifically requested or required. CDS will record the CDS participants who hold the Offered Securities on behalf of owners who have purchased Offered Securities in accordance with the book-based system.

Pursuant to policy statements of certain securities commissions and the Universal Market Integrity Rules, the Agent may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These include certain exceptions for market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution or was unsolicited. In accordance with the aforementioned exceptions, in connection with the Offering, the Agent may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Pursuant to the Agency Agreement, the Company has agreed to indemnify and save harmless the Agent and its affiliates, and each of its directors, officers, employees, and agents, against certain liabilities, including liabilities under Canadian provincial securities legislation in certain circumstances, or to contribute to any payments the Agent may be required to make because of such liabilities.

The Offering is being made in the provinces of British Columbia, Alberta, and Ontario. The Offered Securities will be offered in each of the relevant provinces of Canada through the Agent or its affiliates who are registered to offer the Offered Securities for sale in such provinces and such other registered dealers as may be designated by the Agent. Subject to applicable law, the Agent may offer the Offered Securities in such other jurisdictions outside of Canada as agreed to between the Company and the Agent.

The Offered Securities have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Agent has agreed that it will not, without the consent of the Company, offer, sell or deliver the Offered Securities within the United States except to “qualified institutional buyers” within the meaning of Rule 144A under the U.S. Securities Act or to “accredited investors” (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, in accordance with Rule 506 of Regulation D under the U.S. Securities Act, and in compliance with applicable state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Securities in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offered Securities within the United States by any dealer or agent (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws.

### **Listing of Common Shares**

There is currently no market through which the Common Shares may be sold and purchasers may not be able to resell Offered Securities purchased under this Prospectus. This may affect the pricing of the Offered Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Offered Securities and the extent of issuer regulation.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, the 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).

The Company will apply to the CSE for the listing of the Common Shares concurrently with the filing of this Prospectus. Such listing is subject to approval by the CSE of the Company’s listing application and fulfillment by the Company of all of the requirements and conditions of the CSE. The CSE has not conditionally approved the listing of the Common Shares and there is no assurance that the CSE will approve the Company’s listing application. See “*Risk Factors*”.

### **RISK FACTORS**

*Investing in the Offered Securities involves a high degree of risk. Prospective investors of Offered Securities should carefully consider the following risks, as well as the other information contained in this Prospectus before investing in the Offered Securities. If any of the following risks actually occur, the Company’s business could be materially harmed. The risks and uncertainties described below are not the only ones that the Company faces. Additional risks and uncertainties, including those of which the Company is currently unaware or that it deems immaterial, may also adversely affect the Company’s business. The risks and uncertainties described below assume completion of the Offering.*

#### **Risks Related to the Company and the Mineral Exploration and Mining Industry**

***The Company’s exploration projects may not be successful, are highly speculative in nature, and may not ever result in the development of a producing mine.***

There is no assurance given by the Company that its exploration programs and the Drayton - Black Lake Project will result in the discovery, development or production of a commercially viable ore body. The business of exploration for gold and other precious minerals involves a high degree of risk and is highly speculative in nature. Few properties that are explored are ultimately developed into producing mines. The Company’s exploration activities in Ontario involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and the availability of exploration capital.

The Company’s mineral properties are in the exploration stage only and are without known bodies of mineral resources. The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining 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. Development of the Drayton - Black Lake Project will only follow upon obtaining satisfactory exploration results and the completion of feasibility or other economic studies. Whether developing a producing mine is economically feasible will depend upon numerous factors, most of which are beyond the control of the Company, including: the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to mining tenements as well

as obtaining all necessary consents, permits and approvals for the development of the mine. Should a producing mine be developed at the Drayton - Black Lake Project, for which the Company can provide no assurance, other factors will ultimately impact whether mineral extraction and processing can be conducted economically, including actual mineralization, consistency and reliability of ore grades and future commodity prices, as well as the effective design, construction and operation of processing facilities. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added.

***Dependence on the Drayton - Black Lake Project.***

The Company will be primarily focused on the exploration of the Drayton - Black Lake Project upon completing the Offering. Unless the Company acquires additional property interests, any adverse developments affecting the Drayton - Black Lake Project could have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company.

***Metal price volatility may adversely affect the Company.***

If the Company commences production, profitability will be dependent upon the market price of gold, copper and silver. Metal prices historically have fluctuated widely and are affected by numerous external factors beyond the Company's control, including industrial and retail demand, central bank lending, sales and purchases of gold, copper and silver, forward sales of gold, copper and silver by producers and speculators, levels of gold, copper and silver production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

***The Company has no mineral resources.***

The Drayton - Black Lake Project is in the exploration stage and does not contain a known body of economically extractable ore. There is no assurance given by the Company that an economically viable body of ore will be discovered.

***The Company will require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to the Company.***

The Company will have further capital requirements and exploration expenditures as it proceeds to expand exploration activities at any of its properties, develop any such properties, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. The continued exploration and future development of the Company's properties may therefore depend on the Company's ability to obtain additional required financing. In particular, any potential development of the Drayton - Black Lake Project would require substantial capital commitments which the Company cannot currently quantify and does not currently have in place. The Company can provide no assurance that it will be able to obtain financing on favourable terms or at all. If the Company issues Common Shares in the future, such issue will result in the then existing shareholders of the Company sustaining dilution to their relative proportion of the equity in the Company. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and silver industry in particular), the Company's status as a new enterprise with a limited history, the location of the Drayton - Black Lake Project in Ontario and the price of gold on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management personnel. Further, if the price of silver on the commodities markets decreases, then potential revenues from the Drayton - Black Lake Project will likely decrease and such decreased revenues may increase the requirements for capital. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its properties, incur financial penalties or reduce or terminate its operations.

***The Company relies on its management team and outside contractors and the loss of one or more of these persons may adversely affect the Company.***

The Company will be dependent upon the continued support and involvement of a number of key management personnel and outside contractors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. The Company does not have in place formal programs for succession and training of management. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect the Company's business, results of operations and financial condition.



***The Company may have difficulty recruiting and retaining employees.***

Recruiting and retaining qualified personnel will be critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative, geologic and mining personnel as well as additional operations staff. There is no assurance that the Company will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its results of operations and financial condition.

***Certain directors and officers may have conflicts of interest.***

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director must disclose his or her interest in such contract or agreement and is required to refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

***The Company has negative operating cash flow.***

The Company has limited financial resources and has no source of operating cash flow. During the years ended December 31, 2021, and 2020, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities in future periods until profitable commercial production is achieved at the Drayton - Black Lake Project. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue its business. Further exploration and development of the Drayton - Black Lake Project will require the commitment of substantial financial resources. It may be several years before the Company may generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

***COVID-19 Outbreak***

The current global uncertainty with respect to the spread of COVID-19, the rapidly evolving nature of the pandemic and local and international developments related thereto and its effect on the broader global economy and capital markets may have a negative effect on the Company and the advancement of the Drayton - Black Lake Project. While the precise impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct and indirect impacts on businesses in Canada and around the world and could result in travel bans, closure of assay labs, work delays, difficulties for contractors and employees getting to site, and diversion of management attention all of which in turn could have a negative impact on development of the Drayton - Black Lake Project and the Company generally. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could affect the business, financial condition, results of operations and other factors relevant to the Company, including its ability to raise additional financing and on the price of gold.

Provided the current availability of labour and supplies is not materially affected by new developments respecting COVID-19 or responses thereto, the Company expects that its personnel will be able to carry out activities and complete the work program without significant delays or increases in costs. However, there can be no assurances that the COVID-19 pandemic will not result in the Company having inadequate access to required skilled labour and qualified personnel, which could have an adverse impact on the Company's business, financial performance and financial condition.

The Company has and will continue to take measures recommended by Health Canada and applicable regulatory bodies, as appropriate. To date, the Company has introduced a "work from home policy" affecting its executive officers and has reduced travel and transitioned to virtual meetings where feasible. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

***The Company may be subject to risks relating to the global economy.***

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase the cost of capital.

***The Company's operations are subject to operational risks and hazards inherent in the mining industry.***

The ownership, exploration, development and operation of a mineral property involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks are inherent in the mineral exploitation and extraction industry, and include but are not limited to, variations in grade, unusual or unexpected formations, formation pressures, deposit size, density, and other geological problems, environmental hazards, earthquakes and other Acts of God, hydrological conditions (including a shortage of water), availability of power and hydroelectric sources, fires, power failures, flooding, cave-ins, landslides, metallurgical and other processing problems, mechanical equipment performance problems, industrial accidents, drill rig shortages, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, labour, and adverse weather conditions and unexpected inflationary changes in Canada as a result of the development and operation of other mineral properties in the country. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may have a material adverse effect on the Company's financial condition, results of operation and future cash flows.

***The Company has no history of mineral production.***

The Company currently has no exploration or development projects other than the Drayton - Black Lake Project and the other Heritage Properties. The Drayton - Black Lake Project is an early-stage exploration project that has no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations.

***There is no assurance that title to mineral properties will not be challenged.***

Title to, and the area of, mineral concessions may be disputed. The Company has diligently investigated and believes it has taken reasonable measures to ensure proper title to the mineral concessions and claims underlying the Drayton - Black Lake Project and its other mineral properties; however, there is no guarantee that title to any such of its properties will not be challenged or impaired. While the Company intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that the Company will be successful in extending or renewing mineral rights on or prior to expiration of their term or that the title to any such properties will not be affected by an unknown title defect.

***The Company is subject to a number of inherent exploration risks.***

The Company is engaged in mineral exploration and development, which is highly speculative in nature and involves many risks and is frequently not economically successful. Developing mineral resources depends on a number of factors including, among others, the quality of the Company's management and their geological and technical expertise, and the quality of land available for exploration. Once mineralization is discovered, it may take several years of additional exploration and development until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling or drifting, to determine the optimal metallurgical process and to finance and construct mining and processing facilities. At each stage of exploration, development, construction and mine operation, various permits and authorizations are required. Applications for many permits require significant amounts of management time and the expenditure of substantial amounts for engineering, legal, environmental, social and other activities. At each stage of a project's life, delays may be encountered because of permitting difficulties. Such delays add to the overall cost of a project and may reduce its economic viability. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. As a result of these uncertainties, there can be no assurance that mineral exploration and development programs will ultimately result in the profitable commercial production of metals or minerals.

***Government regulations may have an adverse effect on the Company's exploration and development activities, and future operations.***

The mineral exploration activities of the Company are subject to various laws and regulations governing health and worker safety, labour standards, toxic substances, waste disposal, protection of the environment, use of water, mine development and protection of endangered and protected species, treatment of indigenous peoples and other matters. Each jurisdiction in which the Company has properties regulates mining and mineral exploration activities. The Company requires each of its principals and contactors to abide by the rules and regulations on access and work applicable in Ontario. Although the Company believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material and adverse effect on the business, financial condition and results of operations of the Company. Where required, obtaining necessary permits can be a complex, time-consuming process and the Company cannot provide assurance whether any necessary permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. In addition, the Company is subject to changes to the royalty regimes in the jurisdictions in which it operates.

***Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.***

Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The Company's inability to secure adequate water and power resources, as well as other events such as unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

***The Company's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.***

The mineral exploration and mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, increased production costs, asset write downs and monetary losses and possible legal liability.

The Company will not carry insurance to protect against certain risks. Risks not insured against include environmental liability, earthquake damage, mine flooding or other hazards against which the Company, and in general, mining exploration companies, cannot insure or against which the Company may elect not to insure because of high premium costs or other reasons. Failure to have insurance coverage for any one or more of such risks or hazards could have a material adverse effect on the Company's business, financial condition and results of operations.

***Environmental and other regulatory requirements may adversely affect the Company.***

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

The exploration operations of the Company and development and commencement of production on its properties, do and will require permits from various local governmental authorities and 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, treatment of indigenous groups and other matters.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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 exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of

applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

***The Company faces significant competition for attractive mineral properties.***

There is significant competition in the precious metals mining industry for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop, and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its mineral properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected.

***Social and environmental activism can negatively impact exploration, development and mining activities.***

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations (collectively, "NGOs") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***First Nations may impact the Company's interest in the Property.***

The legal nature of Aboriginal rights is a matter of considerable complexity. The Company may at some point be required to negotiate with and seek the approval of holders of Aboriginal rights in order to facilitate exploration and development work on the Company's properties. There is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop the Company's properties.

***Failure to develop our internal controls over financial reporting as we grow could have an adverse effect on our operations.***

As the Company matures, we will need to continue to develop and improve our current internal control systems and procedures to manage our growth. Failure to establish appropriate controls, or any failure of those controls once established, could adversely affect our public disclosures regarding our business, financial condition or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal controls over financial reporting, disclosure of management's assessment of our internal controls over financial reporting or disclosure of our public accounting firm's attestation to or report on management's assessment of our internal controls over financial reporting may have an adverse effect on the price of the Common Shares. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our securities could drop significantly.

## **Risks Relating to the Offered Securities**

### ***The Company has a limited operating history and no history of earnings, positive cash flow or dividend payments.***

An investment in the Offered Securities should be considered highly speculative due to the nature of the Company's business. The Company has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. None of the mineral properties of the Company have commenced commercial production and the Company has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its mineral properties profitably or that its activities will generate positive cash flow. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including future earnings, capital requirements, operating and financial condition and a number of other factors that the Board considers to be appropriate. There are no restrictions on the ability of the Company to pay dividends in the future.

### ***Canadian Tax Treatment of Flow-Through Shares***

The tax treatment of Flow-Through Shares and FT Unit Warrants constitutes a major consideration of an investment in the FT Units. There is no guarantee that the current tax laws and administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding Flow-Through Shares and FT Unit Warrants will not be altered in a materially unfavourable way and there is no guarantee that there will be no material differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-Through Shares and FT Unit Warrants, the status of such Flow-Through Shares and FT Unit Warrants and the activities contemplated by the Company's exploration and development programs. There is no guarantee that the Qualifying Expenditures incurred by the Company, or the expected tax deductions or credits claimed by subscribers will be accepted as Qualifying Expenditures by the CRA. If any of these events occur, the tax consequences for a subscriber holding or disposing of Flow-Through Shares and FT Unit Warrants will be altered and could be materially different than described above under the heading "*Certain Canadian Federal Income Tax Considerations*".

There can be no assurance that the Flow-Through Shares and FT Unit Warrants will not be viewed by the CRA or a court as constituting prescribed shares or prescribed rights, respectively, for the purposes of the Tax Act. If the Flow-Through Shares are "prescribed shares" or the FT Unit warrants are "prescribed rights", each for purposes of the Tax Act, such shares or warrants will not be considered a "flow-through share" (as defined in the Tax Act) and subscribers will not be entitled to any renunciations of Qualifying Expenditures from the Company. However, in such circumstances, the Flow-Through Shares and FT Unit Warrants will not be governed by the rules of the Tax Act deeming flow-through shares to have a cost of nil. See "*Certain Canadian Federal Income Tax Considerations*".

Notwithstanding its agreement to do so (see the headings entitled "*Plan of Distribution*" and "*Certain Canadian Federal Income Tax Considerations*") there is no guarantee that the Company will expend an amount equal to the aggregate purchase price ascribed to the Flow-Through Units on or prior to December 31, 2023 to incur Qualifying Expenditures. If the Company does not expend an amount equal to the aggregate purchase price ascribed to the FT Units to incur Qualifying Expenditures prior to December 31, 2023, it will be required to reduce the amount of Qualifying Expenditures that it has renounced in favour of the subscribers and the subscribers will be reassessed accordingly. Subscribers will not be subject to penalties for any such reassessment but interest will be payable on such additional tax if such tax is not paid by April 30, 2024. The Company has agreed to indemnify the subscribers for any such tax remittances they are required to make; however, there can be no certainty that the Company will have the necessary financial resources to fulfil its obligations under such indemnity.

### ***The Common Shares do not trade on any exchange and may experience substantial volatility.***

The Common Shares do not currently trade on any exchange or stock market and the FT Unit Offering Price and the Unit Offering Price were negotiated with the Agent. Securities of small-cap companies such as the Company may experience substantial volatility that is unrelated to the Company's financial condition or operations. The price of the Common Shares may also be significantly affected by short-term changes in the price of gold. The fact that no market currently exists for the Company's securities may affect their pricing in the secondary market, the transparency and availability of trading prices and the liquidity of the Offered Securities. The market price of the Offered Securities is affected by many other variables which may be unrelated to the Company's success and are, therefore, not within the Company's control. These include other developments that affect the market for all resource sector-related securities, the breadth of the public market for the 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 price of the Common Shares volatile in the future, which may result in losses to investors.

***Discretion in the use of proceeds.***

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds of the Offering are uncertain. If the proceeds of the Offering are not applied effectively, the Company’s results of operations may suffer.

**PROMOTERS**

The following individual may be considered to have been a promoter within the two most recent years and the Common Shares beneficially owned or over which control or direction exercised by such promoters:

Name, municipality of residence	Number	Percentage <sup>(2)</sup>
Peter Schloo, Toronto, Ontario	1,119,216 <sup>(1)</sup>	6.15%

Notes:

- (1) On a non-diluted basis.
- (2) Based on 18,202,229 Common Shares outstanding as of the date of this Prospectus.

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

To the best of the Company’s knowledge, information and belief, the Company has not been subject to any material legal proceedings since incorporation, nor is the Company or any of its properties a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated. The Company may be involved in routine, non-material litigation arising in the ordinary course of business, from time to time.

To the best of the Company’s knowledge, there have not been any 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, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

**CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company and Peterson McVicar LLP, counsel to the Agent, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act and the Regulations as of the date of this Prospectus generally applicable to a purchaser who acquires as beneficial owner Offered Securities pursuant to this Offering and who, at all relevant times, for purposes of the Tax Act and the Regulations (i) is, or is deemed to be, resident in Canada, (ii) deals at arm’s length with the Company, (iii) is not affiliated with the Company, and (iv) holds the Offered Securities as capital property (a “**Holder**”). In this summary and unless otherwise noted, references to Common Shares include Flow-Through Shares and FT Warrant Shares. The Offered Securities generally will be considered capital property to a Holder unless either the Holder holds or uses or is deemed to hold or use such Offered Securities in the course of carrying on a business of buying and selling securities or the Holder has acquired or has been deemed to acquire the Offered Securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold the Common Shares as capital property may, in certain circumstances, be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act to have the Common Shares (and all other “Canadian securities” as defined in the Tax Act) treated as capital property in the taxation year in which the election is made and in all subsequent taxation years. Such election is not available with respect to the Offering Warrants.

This summary is not applicable to a purchaser: (i) that is a “financial institution” as defined in the Tax Act for the purposes of the “mark-to-market” rules in the Tax Act; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iv) that has made a “functional currency” election under the Tax Act to determine its Canadian tax results in a currency other

than the Canadian currency; (v) that has entered or will enter into a “derivative forward agreement” or a “synthetic disposition arrangement”, each as defined in the Tax Act, in respect of any of Offered Securities; or (vi) that would receive dividends on the Common Shares under or as part of a “dividend rental arrangement” as defined in the Tax Act. **Such purchasers should consult their own tax advisors.**

This summary is based on the Tax Act and the Regulations in force as at the date hereof, all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) published in writing prior to the date hereof. This summary does not otherwise take into account or anticipate any change in law or the CRA’s administrative policies and assessing practices, nor does it take into account provincial or territorial tax laws of Canada or tax laws of any foreign country. However, no assurances can be given that the Proposed Amendments will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular purchaser. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Offered Securities should consult their own tax advisors having regard to their own particular circumstances.

### **Allocation of Unit Cost**

A Holder who acquires Units pursuant to this Offering will be required to allocate the purchase price paid for each Unit on a reasonable basis between the Common Share and the one Unit Warrant comprising such Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act. A Holder who acquires FT Units pursuant to this Offering will be required to allocate the purchase price paid for each FT Unit on a reasonable basis between the Flow-Through Share and one FT Unit Warrant comprising such FT Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act.

For its purposes, the Company has advised counsel that: (i) of the Unit Offering Price, it intends to allocate \$● to each Common Share and \$0.01 to each Unit Warrant; and (ii) of the FT Unit Offering Price, it intends to allocate \$● to each Common Share and \$0.01 to each FT Unit Warrant. The Company believes that such allocations are reasonable, however such allocation is not binding on the CRA or on a Holder.

Notwithstanding the foregoing allocation of the FT Unit Offering Price, the Flow-Through Shares and FT Unit Warrants will be deemed to have been acquired by the Holder for a cost of nil for purposes of the Tax Act, regardless of the subscription price paid.

The adjusted cost base to a Holder of a Common Share acquired pursuant to this Offering will be determined by averaging the cost of such Common Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

### **FT Units**

This portion of the summary is not applicable to a Holder of FT Units: (i) that is a “principal-business corporation” within the meaning of the Tax Act; (ii) whose business includes trading or dealing in rights, licences or privileges to explore for, drill or take minerals, oil, natural gas or other related hydrocarbons; or (iii) that is a partnership or a trust. **Such Holders of FT Units should consult their own tax advisors.**

This summary assumes that: (i) the Company will incur Qualifying Expenditures in an amount not less than the aggregate FT Unit Offering Price (the “**Commitment Amount**”); (ii) Qualifying Expenditures in an amount equal to the Commitment Amount will be renounced to Holders of FT Units hereunder with an effective date of no later than December 31, 2022; (iii) such Qualifying Expenditures will be incurred during a period (the “**Expenditure Period**”) commencing on the Closing Date and ending on the earlier of (A) the date on which the Commitment Amount has been fully incurred in accordance with the terms of the relevant Flow-Through Subscription Agreement, and (B) December 31, 2023; and (iv) all expenses discussed herein will be reasonable in amount. This summary also assumes that the Company will make all filings in respect of the issuance of the FT Units and the renunciation of Qualifying Expenditures in the manner and within the time required by the Tax Act and that all renunciations will be validly made. In addition, while the Company will furnish each Holder of FT Units hereunder with information with respect to renounced Qualifying Expenditures for purposes of filing income tax returns, the preparation and filing of the Holder’s returns will

remain the responsibility of the Holder. This summary is based upon the representations of the Company that it will be a “principal-business corporation” at all material times, that the Flow-Through Shares, when issued, will each be a “flow-through share” and not be a “prescribed share”, and that the FT Unit Warrants, when issued, will each be a “flow-through share” and not be a “prescribed right”, all within the meaning of the Tax Act. If any of the above assumptions are incorrect, the Company may be unable to renounce some or all of the Qualifying Expenditures which it has agreed to renounce hereunder.

The Canadian federal income tax consequences to a particular Holder of FT Units will vary according to a number of factors, including the particular province in which the Holder resides, carries on business or has a permanent establishment, the legal characterization of the Holder as an individual or a corporation, the amount that would be the Holder’s taxable income but for the investment in the FT Units and the manner in which the proceeds from the FT Units are expended.

### **Qualifying Expenditures**

The Company will be entitled to renounce to a Holder of FT Units hereunder Qualifying Expenditures incurred by it during the Expenditure Period in an amount equal to the relevant subscription price for the issue of the FT Units as permitted by and in accordance with the Tax Act. The Qualifying Expenditures will be renounced to the Holder with an effective date on or before December 31, 2022. Such Qualifying Expenditures that are properly renounced to a Holder will be deemed to have been incurred by that Holder on the effective date of the renunciation and will be added to such Holder’s “cumulative Canadian exploration expense” (as defined in the Tax Act) (“CCEE”) account.

The Tax Act contains a “look-back” rule which, if certain conditions are satisfied, entitles the Company to have certain Qualifying Expenditures incurred by it in 2023 renounced to Holders effective on December 31, 2022. In other words, the Holders are deemed to have incurred the Qualifying Expenditures on December 31, 2022 even if the Company does not incur the Qualifying Expenditures until 2023. For this rule to apply in respect of a FT Unit, the Holder must have paid the consideration in money for such securities, the Holder and the Company must deal with each other at arm’s length for the purposes of the Tax Act throughout 2023, and the relevant subscription agreement in respect of such securities must have been entered into on or prior to December 31, 2022. In the event that the Company does not incur the amounts renounced under the “look-back” rule by the end of 2023, the Company will be required to reduce the amount of Qualifying Expenditures renounced to the Holders and the Holders’ income tax returns for 2022 will be reassessed accordingly.

A Holder may deduct in computing such Holder’s income from all sources for a taxation year an amount not exceeding 100% of the balance of such Holder’s CCEE account at the end of that taxation year. Deductions claimed by a Holder reduce the Holder’s CCEE account. To the extent that a Holder does not deduct the balance of such Holder’s CCEE account at the end of the taxation year, the balance may be carried forward and deducted in subsequent taxation years in accordance with the provisions of the Tax Act. The right to deduct CCEE accrues to the initial Holder of FT Units and is not transferable. Proposed Amendments released on February 7, 2022 (the “**February 7 Proposals**”) would limit the deductibility of certain “interest and financing expenses” (as defined in the February 7 Proposals), including the portion of a CCEE amount that can be reasonably attributable to amounts paid or payable in respect of certain interest and other amounts. Potential purchasers should consult their own tax advisors regarding the potential applicability of the February 7 Proposals having regard to their circumstances.

A Holder who is an individual (other than a trust) and who holds FT Units will be entitled to a non-refundable investment tax credit equal to 15% of a “flow-through mining expenditure” (as defined in the Tax Act) renounced to the Holder (the “**FTME Credit**”). A “flow-through mining expenditure” is defined in subsection 127(9) of the Tax Act to include certain Canadian exploration expenses (as defined in the Tax Act) incurred in conducting certain mining exploration activity from or above the surface of the earth for the purpose of determining the existence, location, extent or quality of a mineral resource described in paragraph (a) or (d) of the definition of “mineral resource” in the Tax Act. The investment tax credit may be deducted in accordance with detailed rules in the Tax Act against tax payable under the Tax Act in the taxation year in which the flow-through mining expenditure is incurred or carried back three years and forward twenty years.

The Holder’s CCEE account at any time in a taxation year will be reduced by an amount equal to any investment tax credit claimed for a previous taxation year. If the reduction in the Holder’s CCEE account causes the CCEE account to become negative, the amount of the negative balance will be included in the Holder’s income and the Holder’s CCEE account will thereupon have a nil balance.



Certain restrictions apply in respect of the deduction of CCEE following an acquisition of control and on certain reorganizations of a corporate Holder. Corporate Holders should consult their own independent tax advisors for advice with respect to the potential application of these rules to them having regard to their own particular circumstances.

If a Holder acquires FT Units through a Registered Plan or DPSP, the Qualifying Expenditures renounced will not be available as a deduction or credit against the income of the annuitant, beneficiary, or subscriber of the Registered Plan or DPSP and the associated tax benefits will be lost.

### **Exercise of Offering Warrants**

No gain or loss will be realized by a Holder of an Offering Warrant upon the exercise of such Offering Warrant to acquire a Common Share. When an Offering Warrant is exercised, the Holder's cost of the Common Share acquired thereby will be equal to the adjusted cost base of the Offering Warrant to such Holder, plus the exercise price paid for the Common Share. For the purpose of computing the adjusted cost base to a Holder of each Common Share acquired on the exercise of an Offering Warrant, the cost of such Common Share must be averaged with the adjusted cost base to such holder of all other Common Shares (if any) held by the holder as capital property immediately prior to the exercise of the Offering Warrant.

### **Expiry of Offering Warrants**

In the event of the expiry of an unexercised Offering Warrant, a Holder of the Offering Warrant generally will realize a capital loss equal to the holder's adjusted cost base of such Offering Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the heading "*Dispositions of Common Shares and Offering Warrants*".

### **Dividends**

Dividends received or deemed to be received on a Holder's Common Shares will be included in the Holder's income as taxable dividends received from a taxable Canadian corporation. The normal gross-up and dividend tax credit rules under the Tax Act applicable to taxable dividends received from a taxable Canadian corporation (as defined in the Tax Act), including the enhanced dividend tax credit in respect of "eligible dividends" for purposes of the Tax Act designated by the Company to a Holder, will apply to dividends received by a Holder who is an individual. There may be limitations on the ability of the Company to designate dividends as eligible dividends.

In the case of a Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own particular circumstances.

A Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Holder's taxable income for the taxation year.

### **Dispositions of Common Shares and Offering Warrants**

A Holder of a Common Share who disposes of or is deemed to dispose of the Common Share (other than to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) or Offering Warrant (other than upon the exercise thereof) will realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition exceed (or are less than) the adjusted cost base of such security and any reasonable expenses incurred by the Holder for the purposes of making such disposition. Generally, one-half of any capital gain (a "**taxable capital gain**") must be included in computing the income of a Holder for the taxation year in which the disposition takes place, while one-half of any capital loss (an "**allowable capital loss**") will be required to be deducted against taxable capital gains realized by the Holder in the same taxation year. Allowable capital losses not deducted in the taxation year in which they arise may be deducted by a Holder from taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, subject to the detailed provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Share to the extent and under the circumstances specified in the Tax Act. Similar rules

may apply where a Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares or where a partnership or trust, of which a corporation is a member or a beneficiary, is a member of a partnership or a beneficiary of a trust that owns Common Shares. Holders to whom these rules may be relevant should consult their own tax advisors.

Flow-Through Shares and FT Unit Warrants purchased hereunder will be deemed to have been acquired by the Holder for a cost of nil for purposes of the Tax Act, regardless of the subscription price paid.

Generally, the cost for purposes of the Tax Act of a Common Share (other than a Flow-Through Share) will be the amount paid to acquire such Common Share and reasonable costs associated with the acquisition. The adjusted cost base to a Holder of a Common Share will generally be the average tax cost of all Common Shares held by such Holder as capital property at a particular time. Any tax consequences arising from a subsequent disposition of a Common Share will be measured by reference to the adjusted cost base of the Common Shares based on this averaging rule.

A Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” for the taxation year, which is defined to include taxable capital gains.

A Holder who disposes of Flow-Through Shares or FT Unit Warrants will retain the entitlement to the renunciation of the Qualifying Expenditures from the Company as described above as well as the ability to deduct any CCEE not previously deducted and to claim the FTME Credit, and a subsequent purchaser of such Flow-Through Share or FT Unit Warrant will not be entitled to any renunciation of Qualifying Expenditures.

### **Minimum Tax**

Under the Tax Act, an alternative minimum tax is payable by an individual (other than certain trusts) equal to the amount by which the alternative minimum tax exceeds the tax otherwise payable. In calculating adjusted taxable income for the purpose of determining minimum tax, certain deductions and credits otherwise available, such as the deduction for Canadian exploration expenses (as defined in the Tax Act) not used to reduce resource income, are disallowed and certain amounts not otherwise taxable are included in income. Whether and to what extent the tax liability of a particular Holder will be increased by the minimum tax will depend upon the amount of such Holder’s income, the sources from which it is derived and the nature and amounts of any deductions that such Holder claims. Any additional tax payable for a taxation year from the application of the minimum tax provisions is recoverable in subsequent taxation years to the extent that tax otherwise determined exceeds the minimum tax for any of the following seven taxation years. Holders should consult their own independent tax advisors with respect to the potential alternative minimum tax consequences to them having regard to their own particular tax circumstances.

### **Cumulative Net Investment Loss**

One-half of the amount of the Qualifying Expenditures renounced to and deducted by a Holder will be added to the Holder’s cumulative net investment loss (“CNIL”) account, as defined in the Tax Act. A Holder’s CNIL account may impact a Holder’s ability to access the lifetime capital gains exemption available on the disposition of certain qualified small business corporation shares and qualified farm property for purposes of the Tax Act.

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

Other than as disclosed in this Prospectus, none of the Company’s directors or senior officers or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with the Company within the three years preceding the date of this Prospectus or in any proposed transaction which has materially affected, or would materially affect, the Company.

## **RELATIONSHIP BETWEEN ISSUER AND AGENT**

The Company is neither a “connected issuer” nor a “related issuer” to the Agent as defined in *National Instrument 33-105 – Underwriting Conflicts* of the Canadian Securities Administrators.

## **AUDITORS**

The auditors of the Company are Crowe MacKay LLP, 1100-1177 West Hastings Street, Vancouver, British Columbia, Canada.

## **REGISTRAR AND TRANSFER AGENT**

The registrar and transfer agent of the Common Shares is TSX Trust Company at its principal offices in Toronto, Ontario.

## **MATERIAL CONTRACTS**

The following is a list of material contracts of the Company that (i) have been entered since the beginning of the last financial year ending before the date of this Prospectus, or before such time, if the material contract is still in effect, except for contracts which are in the ordinary course of business, or (ii) will be entered into prior to the Closing Date:

- (a) Agency Agreement;
- (b) The Group Ten Option Agreement;
- (c) Warrant Indenture; and
- (d) Escrow Agreement.

## **EXPERTS**

Information of a scientific or technical nature regarding the Drayton - Black Lake Project included in this Prospectus is based upon the Drayton Black Lake Technical Report, prepared by Mr. Mitchell Lavery and Luke van der Meer, the Technical Report Authors. As at the date hereof, the Technical Report Authors beneficially owns individually, directly or indirectly, less than 1% of the outstanding securities of the Company.

The matters referred to under “Eligibility for Investment” have been passed upon on behalf of the Company by Osler, Hoskin & Harcourt LLP and Peterson McVicar LLP on behalf of the Agent. Certain other legal matters related to the Offering have been passed upon on behalf of the Company by Osler, Hoskin & Harcourt LLP and on behalf of the Agent by Peterson McVicar LLP. As at the date hereof, the aforementioned partnerships (and their partners, associates and employees) beneficially own, directly or indirectly, in the aggregate, less than 1% of the outstanding securities of the Company. The independent auditors of the Company are Crowe MacKay LLP. Crowe MacKay LLP has informed the Company that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

## **OTHER MATERIAL FACTS**

There are no other material facts about the Company or the Offered Securities that are not otherwise disclosed herein.

## **STATUTORY RIGHTS 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, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

In this Offering of FT Unit Warrants and Unit Warrants that comprise the Offered Securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in this Prospectus is limited, in certain provincial securities legislation, to the price at which the FT Unit Warrants and Unit Warrants are offered to the public under this Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. 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 advisor.

## SCHEDULE A CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

### **Purpose of the Committee**

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors of Heritage Mining Ltd. (the “**Corporation**”) is to provide an open avenue of communication between management, the Corporation’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of financial reporting and disclosure practices;
- the Corporation’s compliance with legal and regulatory requirements related to financial reporting; the independence and performance of the Corporation’s independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Corporation’s articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman. A majority of the members of the Committee must not be officers or employees of the Corporation or of an affiliate of the Corporation. The quorum for a meeting of the Committee is comprised of a majority of the Committee members. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Corporation’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (“**IFRS**”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Corporation’s financial statements and to provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material aspects, the financial position, results of operations and cash flows of the Corporation in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Corporation’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attestation services for the Corporation; and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of the oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

### **Authority and Responsibility**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Corporation’s Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Corporation’s accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Corporation’s financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the independent auditor’s judgment about the quality and appropriateness of the Corporation’s accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Corporation by the independent auditor.

10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Corporation and all non-audit work performed for the Corporation by the independent auditor.
11. Establish and review the Corporation's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors as the expense of the Corporation.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110, the *Business Corporations Act* (Ontario) and the articles of the Corporation.

*Approved by Resolution of the Board dated October 20, 2017*

**SCHEDULE B**

**FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND DECEMBER 31, 2020.**



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## **Independent Auditor's Report**

To the Directors of Heritage Mining Ltd

### **Opinion**

We have audited the financial statements of Heritage Mining Ltd ("the Company"), which comprise the statements of financial position as at December 31, 2021 and December 31, 2020 and the statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, 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.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **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, 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Chartered Professional Accountants  
Vancouver, Canada**





**HERITAGE  
MINING LTD**

**FINANCIAL STATEMENTS**

**Years ended December 31, 2021 and 2020**

**(EXPRESSED IN CANADIAN DOLLARS)**

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**HERITAGE MINING LTD.**

Statements of Financial Position

As at December 31, 2021 and 2020

(Expressed in Canadian dollars)

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	Note	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
Current assets			
Cash		\$ 1,006,655	\$ 784,433
Prepaid		12,139	-
Goods and services tax receivable		70,860	28,663
Total current assets		1,089,654	813,096
Reclamation bond	4	1,500	1,500
Total assets		\$ 1,091,154	\$ 814,596
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 46,330	\$ 51,156
Flow through premium	7	42,321	7,805
Total liabilities		88,651	58,961
<b>EQUITY</b>			
Share capital	8	1,666,188	855,846
Reserves	8, 9	64,310	34,725
Share subscription advances	8	22,500	160,170
Deficit		(750,495)	(295,106)
Total equity		1,002,503	755,635
Total liabilities and equity		\$ 1,091,154	\$ 814,596

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Nature of operations and going concern (Note 1)

Subsequent Events (Note 15)

Approved and authorized for issue by the Board of Directors on, February XX, 2022:

"Peter Schloo"

Peter Schloo, Director

"Patrick Mohan"

Patrick Mohan, Director

Accompanying notes are an integral part of the financial statements

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**HERITAGE MINING LTD.**

## Statements of Comprehensive Loss

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

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	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Expenses</b>			
Consulting	12	\$ 3,570	\$ 21,167
Exploration expenditures	5	262,767	169,908
Management fees	12	126,112	41,665
General and administrative		8,636	4,688
Professional fees	12	60,612	37,497
Share-based payments	8, 12	19,214	29,658
Investor relations and marketing		3,350	2,260
Expense before other item		(484,261)	(306,843)
Flow through premium recovery		28,872	13,295
Net and comprehensive loss		\$ (455,389)	\$ (293,548)
<hr/>			
Net loss per share, basic and diluted		\$ (0.03)	\$ (0.06)
Weighted average number of shares outstanding		15,652,606	4,811,837

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Accompanying notes are an integral part of the financial statements

**Heritage Mining Ltd.**

## STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital	Reserves	Share Subscription Advances	Deficit	Total Equity (Deficiency)
Balance, December 31, 2019		1	\$ -	\$ -	\$ -	\$ (1,558)	\$ (1,558)
Private placement		11,551,317	893,800	-	-	-	893,800
Share issue costs		-	(26,854)	5,067	-	-	(21,787)
Shares issued for service		266,666	10,000	-	-	-	10,000
Flow-through premium		-	(21,100)	-	-	-	(21,100)
Share-based payments		-	-	29,658	-	-	29,658
Share subscription advances		-	-	-	160,170	-	160,170
Net loss for the year		-	-	-	-	(293,548)	(293,548)
Balance, December 31, 2020		11,817,984	855,846	34,725	160,170	(295,106)	755,635
Private placement		4,870,245	898,625	-	(160,170)	-	738,455
Share issue costs		-	(24,895)	10,371	-	-	(14,524)
Flow-through premium		-	(63,388)	-	-	-	(63,388)
Share-based payments		-	-	19,214	-	-	19,214
Share subscription advances		-	-	-	22,500	-	22,500
Net loss for the year		-	-	-	-	(455,389)	(455,389)
Balance, December 31, 2021		16,688,229	\$ 1,666,188	\$ 64,310	\$ 22,500	\$ (750,495)	\$ 1,002,503

Accompanying notes are an integral part of the financial statements

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**HERITAGE MINING LTD.****STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian Dollars)

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	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Operating Activities</b>		
Net loss for the year	\$ (455,389)	\$ (293,548)
Items not affecting cash:		
Share-based payments	19,214	29,658
Shares issued for services	-	10,000
Flow through premium (recovery)	(28,872)	(13,295)
Changes in non-cash working capital items related to operations:		
Goods and services tax receivable	(42,197)	(28,503)
Accounts payable and accrued liabilities	(4,826)	49,438
Prepaid	(12,139)	-
Cash used in operating activities	(524,209)	(246,250)
<b>Investing Activities</b>		
Reclamation bond	-	(1,500)
Cash used in investing activities	-	(1,500)
<b>Financing Activities</b>		
Shares issued for cash, net of share issue costs	723,931	872,013
Share subscription advances	22,500	160,170
Cash provided by financing activities	746,431	1,032,183
Change in cash during the year	222,222	784,433
Cash, beginning of year	784,433	-
Cash, end of the year	\$ 1,006,655	\$ 784,433
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing activities		
Fair value of brokers' warrants	\$ 10,371	\$ 5,067

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Accompanying notes are an integral part of the financial statements

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## HERITAGE MINING LTD.

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Heritage Mining Ltd. (the “Company”) was incorporated on October 18, 2019 under the Business Corporations Act (British Columbia). The Company is engaged in the business of exploration for gold and other metals across Canada. The Company’s principal objectives are to explore and develop the Drayton - Black Lake Property and to identify other properties worthy of investment and exploration.

The Company’s registered office is located at Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia, V6C 2E9. The Company’s head office is located at 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no source of revenues and incurred losses since its inception and had an accumulated deficit of \$750,495 at December 31, 2021, which has been primarily driven by work performed to advance Heritage Mining properties, professional and management fees. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The COVID-19 pandemic has caused significant and negative impact to the global financial market. The Company continues to monitor and assess the impact on its business activities. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

### 2. BASIS OF PRESENTATION

The financial statements were approved by the board of directors on February X, 2022.

#### Statement of compliance to International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

#### Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value.

#### Significant accounting estimates and assumptions

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the provisions for restoration and environmental obligations. Actual results may differ from current estimates.

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Significant accounting judgments

Information about critical judgments, apart from those involving estimates, 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 financial statement are discussed below:

#### Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding availability for its exploration projects and working capital requirements.

#### Cash

Cash includes cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

#### Exploration and evaluation expenditures

Exploration and evaluation expenditures, including acquisition costs, are expensed in the year in which they are incurred. Mining exploration tax credits for certain exploration expenditures incurred are recorded against exploration and evaluation expenditures when received.

When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance.

Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to "mines under construction" on the statement of financial position.

#### Restoration and environmental obligations

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Restoration and environmental obligations are recorded as liabilities when those obligations are incurred and are measured at the present value, if a reasonable estimate of the expected costs to settle the liability can be determined, discounted at a current pre-tax rate specific to the liability. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing or the amount of the original estimate of the undiscounted cash flows are accounted for as part of the carrying amount of the related long-lived asset. The carrying amount of the restoration and environmental obligations is reviewed to reflect current estimates and changes in the discount rate.

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## HERITAGE MINING LTD.

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Capital stock

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

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.

Proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance when the fair value of the non-monetary assets cannot be reasonably estimated.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve within share-based payments reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value in warrants reserve is transferred to capital stock. For those warrants that expire the recorded value is transferred to deficit.

#### Flow-through shares

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery of flow-through premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are required to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

#### Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Company. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. As the Company has reported losses for the periods presented, the effect of stock options and warrants is anti-dilutive; therefore, basic loss per share equals diluted loss per share.



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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Share-based payments

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 the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes 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.

Income taxes*Current income tax:*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax:*

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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## HERITAGE MINING LTD.

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments

##### i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Cash, reclamation bond and accounts payable and accrued liabilities are classified as amortized cost.

##### ii) Measurement

#### Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

#### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

#### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included profit or loss in the period in which they arise.

##### iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)

## iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Foreign currency translation

The functional currency of the Company is Canadian Dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at period end rates. Gains and losses are included in profit and loss.

**4. RECLAMATION BOND**

Reclamation bond is held as security towards future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the reclamation bond will be returned to the Company. As at December 31, 2021, \$1,500 (2020 – \$1,500) is being held as security on one of the Company's mineral properties.

As at December 31, 2021, the Company had no material reclamation obligations.

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**5. EXPLORATION EXPENDITURES**

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	Harrigan Cove	Drayton - Black Lake	Contact Bay	2021 Total
Acquisition cost	\$ -	\$ 20,000	\$ 32,350	\$ 52,350
Assay	42,625	-	-	42,625
Field work and supplies	-	9,072	-	9,072
Geological and geophysical Report	37,328	3,200	91,758	132,286
Travel	2,500	11,000	-	13,500
	-	12,934	-	12,934
Exploration expenditures	\$ 82,453	\$ 56,206	\$ 124,108	\$ 262,767

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	Harrigan Cove	Drayton - Black Lake	Contact Bay	2020 Total
Acquisition cost	\$ 45,000	\$ -	\$ -	\$ 45,000
Assay	2,043	-	-	2,043
Drilling	75,064	-	-	75,064
Field work and supplies	21,515	-	-	21,515
Geological and geophysical Report	10,800	-	-	10,800
Travel	11,900	-	-	11,900
	3,586	-	-	3,586
Exploration expenditures	\$ 169,908	\$ -	\$ -	\$ 169,908

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**Harrigan Cove Project**

On September 1, 2020, the Company entered into an option agreement to acquire a 100% interest in the Harrigan Cove Property. To earn its 100% interest in the property, the Company paid \$5,000 cash upon signing the letter of intent and \$40,000 on signing the definitive agreement, and is required to make annual staged option payments starting in the first anniversary of the effective date totaling \$320,000 cash and 300,000 common shares over a two-year period as follows:

- Pay \$40,000 in cash on the date of the Agreement (the "Initial Payment");
- Pay \$80,000 on or before the first anniversary of the Agreement;
- Pay \$200,000 on or before the second anniversary of the Agreement;
- Issue 300,000 Common Shares on or before the second anniversary of the Harrigan Cove Option Agreement.

The Company paid the Initial Payment to the Optionors and the Harrigan Cove Option Agreement is in good standing. Upon the Company vesting a 100% interest in the Harrigan Cove Property, the Optionors would retain a 2% Net Smelter Return Royalty of which the Company can purchase 1%, thereby reducing it to a 1% Net Smelter Return Royalty, for \$1,000,000.

On September 21, 2021, the Company terminated the option agreement.

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## HERITAGE MINING LTD.

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

### 5. EXPLORATION EXPENDITURES (continued)

#### Drayton - Black Lake Project

On November 25, 2021, the Company entered into an option agreement to acquire a 90% interest in the Drayton - Black Lake Property. The Company paid \$20,000 upon signing the letter of intent and is required to make staged option payments, common share issuances and minimum spend requirements over a four year period. To earn a 51% interest in the property, the Company must:

- Issue 2,800,000 shares within 10 business days upon a go public transaction.
- Pay \$150,000 cash, issue 1,100,000 common shares and incur \$500,000 in project expenditures on or before the first anniversary;
- Pay \$150,000 cash, issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the second anniversary;
- Issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the third anniversary to earn 51% interest in the property;

To earn an additional 39% interest (for an aggregate 90% interest in the Property), the Company must:

- Issue 1,100,000 common shares and incur \$2,500,000 in project expenditures on or before the fourth anniversary to earn 90% interest in the property;

The optionor is also entitled to a cash payment upon the establishment of any mineral resources in the Drayton - Black Lake Project equal to \$1.00 per ounce of gold equivalent capped at \$10M.

The optionor has the option to maintain a 10% interest in the project through a joint venture agreement or take back a royalty described below upon the presentation of a feasibility study:

- 2% NSR on unincumbered land – Buyback 1% for \$2M
- 1% NSR on Drayton, Black Lake Claims – Buyback 0.5% for \$1M

The Company must spend a minimum of \$500,000 per year through to the presentation of a feasibility study.

#### Contact Bay Project

On October 15, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Bounty Gold Corp. To earn its 100% interest in the property, the Company paid \$2,000 upon signing the purchase agreement and is required to issue \$8,000 worth of common shares upon the go public transaction.

On October 22, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Scott Woolhead. To earn a 100% interest in the property, the Company paid \$2,500 upon signing the purchase agreement.

On December 6, 2021, the Company entered into an asset purchase agreement (the “EMX Agreement”) to acquire a 100% interest in the Contact Bay claims from EMX Royalties. To earn a 100% interest in the property, the Company paid \$15,000 upon signing the asset purchase agreement. EMX Royalties retains a 3% NSR with a 1% buyback provision for \$1,500,000. Annual advanced royalties are due to EMX Royalties beginning on the third anniversary of the EMX Agreement in the amount of \$10,000 per year (common shares of the Company or cash at the Company’s discretion) until a maiden resource is issued, after that time an annual royalty of \$25,000 (common shares of the Company or cash at the Company’s discretion) is payable by the Company until production occurs. EMX Royalties is entitled to milestone bonus payments in cash or shares at the Company’s discretion following the announcements listed below:

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**5. EXPLORATION EXPENDITURES (continued)****Contact Bay Project (continued)**

- \$100,000 on announcement of maiden resource
- \$250,000 on announcement of preliminary economic assessment
- \$350,000 on announcement pre-feasibility study
- \$500,000 announcement on feasibility study

On December 15, 2021, the Company entered into an option agreement to acquire a 100% interest in the Contact Bay claims from Transition Metals Corp. To earn its 100% interest in the property, the Company paid \$10,000 upon signing the definitive agreement and is required to pay an additional \$10,000 in cash and issue \$25,000 worth of common shares upon a go public transaction. Transition Metals Corp. retains a 2% NSR with a 0.5% buyback provision for \$1,000,000.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	December 31, 2021	December 31, 2020
Accounts payable	\$ 29,030	\$ 40,156
Accrued liabilities	17,300	11,000
	<u>\$ 46,330</u>	<u>\$ 51,156</u>

**7. FLOW THROUGH PREMIUM**

The following is a continuity schedule of the flow through premium.

	December 31, 2021	December 31, 2020
Balance, beginning of year	\$ 7,805	\$ -
Incurred on flow-through shares issued in October 2020	-	11,435
Incurred on flow-through shares issued in November 2020	-	9,665
Incurred on flow-through shares issued in February 2021	11,038	-
Incurred on flow-through shares issued in December 2021	52,350	-
Settlement of flow-through premium by incurring expenditures	(28,872)	(13,295)
	<u>\$ 42,321</u>	<u>\$ 7,805</u>

In October 2020, the Company issued 571,758 flow-through units at a price of \$0.17 per unit. The premium paid by investors was calculated as \$0.02 per share. Accordingly, \$11,435 was recorded as flow through premium.

In November 2020, the Company issued 483,253 flow-through units at a price of \$0.17 per unit. The premium paid by investors was calculated as \$0.02 per share. Accordingly, \$9,665 was recorded as flow through premium.

In February 2021, the Company issued 551,902 flow-through units at a price of \$0.17 per unit. The premium paid by investors was calculated as \$0.02 per share. Accordingly, \$11,038 was recorded as flow through premium.

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## HERITAGE MINING LTD.

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

### 7. FLOW THROUGH PREMIUM (continued)

In December 2021, the Company issued 1,047,003 flow-through units at a price of \$0.30 per unit. The premium paid by investors was calculated as \$0.05 per share. Accordingly, \$52,350 was recorded as flow through premium.

As at December 31, 2021, the Company had \$272,350 (2020 - \$66,343) of remaining commitment to incur exploration expenditures by December 31, 2022 in relation to its flow-through financing.

### 8. SHARE CAPITAL

#### Authorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

#### Issued:

#### During the year ended December 31, 2021:

On February 19, 2021, the Company completed the third and final tranche and issued an additional 551,902 flow-through units at a price of \$0.17 per flow-through unit for gross proceeds of \$93,823 and an additional 3,271,340 non-flow through units at a price of \$0.15 per non-flow through unit for gross proceeds of \$490,701. A portion of these capital associated with this tranche was received on or before January 1, 2021. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the financing. Each non flow-through unit consists of one non flow-through common share and one warrant with each warrant entitling the holder to purchase one common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the closing date of the financing. The Company recognized flow-through premium of \$11,038. In connection with the financing, the Company issued 105,084 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.20 until February 19, 2024. The broker warrants have an estimated fair value of \$8,805, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 0.32%, dividend yield 0%.

On December 31, 2021, the Company completed an equity financing and issued 1,047,003 flow-through units at a price of \$0.30 per unit for gross proceeds of \$314,101. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.40 until December 31, 2024. The Company recognized flow-through premium of \$52,350. In connection with the financing, the Company issued 11,900 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 until December 31, 2024. The broker warrants have an estimated fair value of \$1,566, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 1.12%, dividend yield 0%.

The Company paid \$14,524 cash for share issue costs.

#### During the year ended December 31, 2020:

On May 22, 2020, the Company completed an equity financing involving the issuance of 2,399,993 units in the capital of the Company, at a price of \$0.0375 per unit aggregate proceeds of \$90,000 with each unit consisting of one common share and one warrant entitling the holder to purchase one additional common share at an exercise price of \$0.075 for a period of 5 years from the closing date of the financing. The Company also issued 266,666 common shares to Wray Carvelas as compensation for services rendered to the Company, valued at \$10,000.

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## HERITAGE MINING LTD.

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

### 8. SHARE CAPITAL (continued)

On August 14, 2020, the Company completed an equity financing involving the issuance of 7,866,645 common shares, at a price of \$0.075 per common share for aggregate gross proceeds of \$589,998. In connection with the financing, the Company issued 109,600 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.075 until August 14, 2022 and paid \$3,000 in cash commissions. The broker warrants have an estimated fair value of \$5,067, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 2 years, volatility 100%, risk-free rate 0.29%, dividend yield 0%.

On October 30, 2020, the Company completed the first tranche of its \$750,000 private placement financing and issued 571,758 flow-through units in the capital of the Company at a price of \$0.17 for aggregate proceeds of \$97,199. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the financing; and 140,001 non flow-through units in the capital of the Company at a price of \$0.15 per unit for aggregate proceeds of \$21,000. Each non flow-through unit consists of one non flow-through common share and one warrant with each warrant entitling the holder to purchase one common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the closing date of the financing.

On November 19, 2020, the Company completed the second tranche and issued an additional 483,253 flow-through units for gross proceeds of \$82,153 and an additional 89,667 non flow-through units for gross proceeds of \$13,450.

A flow-through premium of \$21,100 was recognized in connection with the flow-through offering equal to the premium paid for the flow-through shares. This liability has been reduced by \$13,295 and recognized as a recovery of the flowthrough premium liability when qualified exploration expenditures were incurred during the year ended December 31, 2020. At December 31, 2020, \$66,343 eligible exploration expenditures remain to be incurred.

#### Stock options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company.

Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

The Company did not grant any options during the 2021 fiscal period.

On August 29, 2020, the Company granted 1,066,666 stock options to directors, management and consultants at an exercise price of \$0.075 per common share for a period of 5 years from the date of issuance. The options have an estimated fair value of \$59,100, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 5 years, volatility 100% based on comparable peer companies' share price volatilities, risk-free rate 0.35%, dividend yield 0%. During the 2021 year, 120,000 options were forfeited.



**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**8. SHARE CAPITAL (continued)**

The options shall vest in equal increments starting from the date of issuance and over the next two years as follows:

Vesting Date	Common Shares Vested
August 29, 2020	315,556
August 29, 2021	315,556
August 29, 2022	315,554
	946,666

A summary of changes of stock options during the years ended December 31, 2020 and 2021 is as follows:

	Options outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance, December 31, 2019	-	\$ -	
Granted	1,066,666	0.075	
Balance, December 31, 2020	1,066,666	0.075	4.66
Forfeited	(120,000)	0.075	
Balance, December 31, 2021	946,666	\$ 0.075	3.66

**Warrants**

A summary of changes of warrants during the years ended December 31, 2020 and 2021 is as follows:

	Unit Warrants		Broker Warrants	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, December 31, 2019	-	\$ -	-	\$ -
Issued	3,684,942	0.12	109,600	0.08
Balance, December 31, 2020	3,684,942	0.12	109,600	0.08
Issued	4,870,245	0.24	116,984	0.22
Balance, December 31, 2021	8,555,187	\$ 0.19	226,584	\$ 0.15

Details of warrants outstanding as at December 31, 2021, are as follows:

Outstanding and Exercisable	Exercise Price (\$)	Expiry Date	Remaining contractual life (in years)
2,399,993	0.075	May 22, 2025	3.39
109,600	0.075	August 14, 2022	0.62
711,759	0.20	October 30, 2023	1.83
573,190	0.20	November 19, 2023	1.88
3,823,242	0.20	February 19, 2024	2.14
105,084	0.20	February 19, 2024	2.14
1,047,003	0.40	December 31, 2024	3.00
11,900	0.40	December 31, 2024	3.00
8,781,771			

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**9. RESERVES****Share-based payment reserve**

The share-based payment reserve records items recognized as share-based payments expense until such time that the share options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire or are forfeited, the corresponding amount previously recorded is transferred from share-based payments reserve to deficit.

**Warrant reserve**

The warrant reserve records items recognized as warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount previously recorded is transferred from warrant reserve to deficit.

**10. CAPITAL DISCLOSURE**

The Company considers its capital structure to include cash and shareholders' equity. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its operations using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and receivables.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

**11. FINANCIAL INSTRUMENTS AND RISKS****Fair Values**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and price risk.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk by holding cash. This risk is minimized by holding cash in large Canadian financial institutions. This risk is assessed as low.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**11. FINANCIAL INSTRUMENTS AND RISKS (continued)**

## c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed available resources. At December 31, 2021 the Company had working capital of \$1,001,003 to meet its financial obligations.

## d) Price risk

Price risk is the risk that the risk of a decline in the value of the Company's financial instruments. Although price risk can be mitigated by hedging, the Company currently doesn't apply any hedging techniques as the Company doesn't have securities that are subject to price fluctuation.

**12. RELATED PARTY TRANSACTIONS****Related party balances**

As at December 31, 2021, and December 31, 2020 there were no related party balances.

**Related party transactions and key management compensation**

During the years ended December 31, 2021 and 2020, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	December 31, 2021	December 31, 2020
Management fees, professional fees	\$ 133,206	\$ 41,665
Consulting fees	-	10,000
Share-based payments	9,190	16,683
	\$ 142,396	\$ 68,348

On May 22, 2020, the Company issued 266,666 common shares at a fair value of \$10,000 to Wray Carvelas, Director, as compensation for services rendered to the Company.

During the year ended December 31, 2021, the Company paid \$129,206 (2020 – \$41,665) to a Company controlled by Peter Schloo, CEO and Director for executive and administrative services rendered. The Company signed an independent contractor agreement with its CEO for \$126,000 per annum.

During the year ended December 31, 2021, the Company paid \$4,000 (2020 - \$nil) to James Fairbairn, CFO and Director, for professional services rendered.

**13. SEGMENTED INFORMATION**

The Company currently operates in a single reportable operating segment, the acquisition, exploration and development of mineral properties. All of the Company's assets and expenditures are located in Canada.

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**14. INCOME TAXES**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year Ended December 31, 2021	Period Ended December 31, 2020
Net loss before tax	\$ (455,389)	\$ (293,548)
Statutory tax rate	27%	27%
Expected income tax recovery	\$ (122,955)	\$ (79,258)
Permanent differences	(2,608)	4,418
Change in unrecognized tax benefits	125,563	74,840
Income tax recovery	\$ -	\$ -

**The significant components of the Company's deferred tax assets and liabilities are as follows:**

	December 31, 2021	December 31, 2020
Non-capital loss carry-forwards	\$ 92,000	\$ 34,000
Un-deducted resource pool	(47,000)	12,000
Share issuance costs	6,000	5,000
	51,000	51,000
Unrecognized deferred tax assets	(51,000)	(51,000)
Net deferred tax asset	\$ -	\$ -

The Company has un-deducted non-capital losses of approximately \$342,000, if not utilized, will start expiring in 2039.

**15. SUBSEQUENT EVENTS**

a) On January 6, 2022, the Company entered into an option agreement to acquire a 100% interest in the Zarn Lake property contiguous with the Drayton - Black Lake Project. To earn its 100% interest in the property, the Company paid \$20,000 upon signing the option agreement and is required to make staged option payments, common share issuances and minimum spend requirements over a three year period as follows:

- Issue \$50,000 worth of common shares upon completion of a go public transaction;
- Pay \$10,000 cash, issue \$25,000 worth of common shares and incur \$50,000 in project expenditures on or before the first anniversary;
- Pay \$20,000 cash, issue \$25,000 worth of common shares and incur \$100,000 in project expenditures on or before the Second anniversary;
- Pay \$70,000 cash, issue \$50,000 worth of common shares and incur \$250,000 in project expenditures on or before the third anniversary;

The optionor retains a 2% NSR on the property with a buy back of 1% for \$1,000,000 and an advanced royalty payment of \$1,000 per year after the Company earns 100% of the option agreement.

b) On January 11, 2022, the Company appointed Red Cloud Financial Services Inc. to provide the marketing advisory services and to assist the Company on potential equity securities offering transactions with identified parties.

- The Company paid \$150,000 for the marketing fees upon signing for the first year of the agreement and is required to pay a monthly marketing fees of \$10,000 plus applicable taxes after the end of the first year term.

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**HERITAGE MINING LTD.**

Notes to the financial statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

**15. SUBSEQUENT EVENTS (continued)**

In the event that an equity securities offering involving an identified party is consummated, the Company will pay a cash commission that is equal to 7% of the gross proceeds raised from the sale of securities and will issue warrants that is equal to 7% of the number securities entitling the holder to purchase one additional common share at an exercise price equal to the offering price of such securities for a period of two years from the date of issuance.

- c) The Company closed an equity financing involving the issuance of 1,514,000 units in the capital of the Company at a price of \$0.25 per unit for aggregate proceeds of \$378,500. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.40 for a period of 36 months from the date of issuance.

In connection with the financing, the Company paid a finder's fee through the issuance of 42,000 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 for a period of 3 years from the date of issuance and aggregate cash payments of \$10,500.

**SCHEDULE C**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021**



**HERITAGE  
MINING LTD**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Suite 300, 1055 West Hastings Street, Vancouver,  
British Columbia, V6C 2E9

**HERITAGE MINING LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the years ended December 31, 2021 and 2020

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March 3, 2022

**OVERVIEW**

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Heritage Mining Ltd. (the "Company"), and should be read in conjunction with the Company's audited financial statements and the accompanying notes for the years ended December 31, 2021 and 2020, a copy of which are filed on the SEDAR website: [www.sedar.com](http://www.sedar.com).

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

**DESCRIPTION OF COMPANY'S BUSINESS**

The Company was incorporated on October 18, 2019, under the Business Corporations Act (British Columbia). The Company is engaged in the business of exploration of gold and other metals across Canada. The Company's registered office is located at Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia, V6C 2E9. The Company's head office is located at 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issuance of share capital. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. The Company's future capital requirements will depend on many factors, including operating costs, the current capital market environment and global market conditions.



**OVERALL PERFORMANCE**

**EXPLORATION PROJECTS**

**Harrigan Cove Project**

On September 1, 2020, the Company entered into an option agreement to acquire a 100% interest in the Harrigan Cove Property. To earn its 100% interest in the property, the Company paid \$5,000 cash upon signing the letter of intent and \$40,000 on signing the definitive agreement, and is required to make annual staged option payments starting in the first anniversary of the effective date totaling \$320,000 cash and 300,000 common shares over a two-year period as follows:

- Pay \$40,000 in cash on the date of the definitive Agreement (the "Initial Payment");
- Pay \$80,000 on or before the first anniversary of the Agreement
- Pay \$200,000 on or before the second anniversary of the Agreement;
- issue 300,000 Common Shares on or before the second anniversary of the Agreement.

The Company paid the Initial Payment to the Optionors and the Harrigan Cove Option Agreement is in good standing. Upon the Company vesting a 100% interest in the Harrigan Cove Property, the Optionors would retain a 2% Net Smelter Return Royalty of which the Company can purchase 1%, thereby reducing it to a 1% Net Smelter Return Royalty, for \$1,000,000.

On September 21, 2021, the Company terminated the option agreement.

**Drayton - Black Lake Project**

On November 25, 2021, the Company entered into an option agreement to acquire a 90% interest in the Drayton – Black Lake Property. The Company paid \$20,000 upon signing the letter of intent and is required to make staged option payments, common share issuances and minimum spend requirements over a four year period. To earn a 51% interest in the property, the Company must:

- Issue 2,800,000 shares within 10 business days upon a go public transaction.
- Pay \$150,000 cash, issue 1,100,000 common shares and incur \$500,000 in project expenditures on or before the first anniversary;
- Pay \$150,000 cash, issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the second anniversary;
- Issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the third anniversary to earn 51% interest in the property;

To earn an additional 39% interest (for an aggregate 90% interest in the Property), the Company must:

- Issue 1,100,000 common shares and incur \$2,500,000 in project expenditures on or before the fourth anniversary to earn 90% interest in the property;

The optionor is also entitled to a cash payment upon the establishment of any mineral resources in the Drayton – Black Lake Project equal to \$1.00 per ounce of gold equivalent capped at \$10M.

**HERITAGE MINING LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the years ended December 31, 2021 and 2020

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The optionor has the option to maintain a 10% interest in the project through a joint venture agreement or take back a royalty described below upon the presentation of a feasibility study:

- 2% NSR on unincumbered land – Buyback 1% for C\$2M
- 1% NSR on Drayton - Black Lake Claims – Buyback 0.5% for C\$1M

The Company must spend a minimum of \$500,000 per year through to the presentation of a feasibility study

**Contact Bay Project**

On October 15, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Bounty Gold Corp. To earn its 100% interest in the property, the Company paid \$2,000 upon signing the purchase agreement and is required to issue \$8,000 worth of common shares upon the go public transaction.

On October 22, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Scott Woolhead. To earn its 100% interest in the property, the Company paid \$2,500 upon signing the purchase agreement.

On December 6, 2021, the Company entered into an asset purchase agreement (the “EMX Agreement”) to acquire a 100% interest in the Contact Bay claims from EMX Royalties. To earn its 100% interest in the property, the Company paid \$15,000 upon signing the asset purchase agreement. EMX Royalties retains a 3% NSR with a 1% buyback provision for \$1,500,000. Annual advanced royalties are due to EMX Royalties beginning on the on the third anniversary of the EMX Agreement in the amount of \$10,000 per year (common shares of the Company or cash at the Company’s discretion) until a maiden resource is issued, after that time an annual royalty of \$25,000 (common shares of the Company or cash at the Company’s discretion) is payable by the Company until production occurs. EMX Royalties is entitled to milestone bonus payment in cash or shares at the Company’s discretion following the announcements listed below:

- \$100,000 on announcement of maiden resource
- \$250,000 on announcement of preliminary economic assessment
- \$350,000 on announcement pre-feasibility study
- \$500,000 announcement on feasibility study

On December 15, 2021, the Company entered into an option agreement to acquire a 100% interest in the Contact Bay claims from Transition Metals Corp. To earn its 100% interest in the property, the Company paid \$10,000 upon signing the definitive agreement and is required to pay an additional \$10,000 in cash and issue \$25,000 worth of common shares upon the go public transaction. Transition Metals retains a 2% NSR with a 0.5% buyback provision for \$1,000,000.

**HERITAGE MINING LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the years ended December 31, 2021 and 2020

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**SUMMARY OF PROJECT EXPENDITURES**

	Harrigan Cove	Drayton - Black Lake	Contact Bay	2021 Total
Acquisition cost	\$ -	\$ 20,000	\$ 32,350	\$ 52,350
Assay	42,625	-	-	42,625
Field work and supplies	-	9,072	-	9,072
Geological and geophysical Report	37,328 2,500	3,200 11,000	91,758 -	132,286 13,500
Travel	-	12,934	-	12,934
<b>Exploration and evaluation expenditures</b>	<b>\$ 82,453</b>	<b>\$ 56,206</b>	<b>\$ 124,108</b>	<b>\$ 262,767</b>

	Harrigan Cove	Drayton - Black Lake	Contact Bay	2020 Total
Acquisition cost	\$ 45,000	\$ -	\$ -	\$ 45,000
Assay	2,043	-	-	2,043
Drilling	75,064	-	-	75,064
Field work and supplies	21,515	-	-	21,515
Geological and geophysical Report	10,800 11,900	- -	- -	10,800 11,900
Travel	3,586	-	-	3,586
<b>Exploration and evaluation expenditures</b>	<b>\$ 169,908</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 169,908</b>

**RESULTS OF OPERATIONS**

For the year ended December 31, 2021 vs 2020

The Company had net and comprehensive loss of \$455,389 for the year ended December 31, 2021 (2020 – \$293,548). The Company's expenses included the following:

- Consulting fees of \$3,570 (2020 - \$21,167) relate to fees paid to consultants of the Company for work on the Company's current and prospective projects and business development.
- Management fees of \$126,112 (2020 - \$41,665) consist of fees to the CEO as discussed under the heading "Related Party Transactions".
- Professional fees of \$60,612 (2020 - \$37,497) for legal advice on the Company's compliance to applicable laws as well as for the Company's financial recording and reporting activities. The increase was primarily due to the legal due diligence related to new projects and for audit fees.

**For the three-month periods ended December 31, 2021 vs 2020**

The Company had net and comprehensive loss of \$184,143 for the three months ended December 31, 2021 (2020 – \$181,580). The Company's expenses included the following:

- Management fees of \$31,500 (2020 - \$24,999) consist of fees to the CEO of as discussed under the heading "Related Party Transactions".

**HERITAGE MINING LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the years ended December 31, 2021 and 2020

- Professional fees of \$21,969 (2020 - \$24,637) relate to fees made for legal advice of the Company's compliance to applicable laws as well as for the Company's financial recording and reporting activities.

**SUMMARY OF QUARTERLY RESULTS**

The Company's operating results from the last eight quarters are summarized as follows:

<i>Three months ended</i>				
	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21
Revenue	\$ -	\$ -	\$ -	\$ -
Net and comprehensive loss	(184,143)	(108,276)	(64,289)	(98,681)
Loss per share	(0.01)	(0.01)	(0.004)	(0.01)
<i>Three months ended</i>				
	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20
Revenue	\$ -	\$ -	\$ -	\$ -
Net and comprehensive loss	(181,580)	(96,787)	(12,420)	(2,761)
Loss per share	(0.012)	(0.009)	(0.001)	(2,761)

Over the past eight quarters comprehensive losses ranged from a high of \$184,143 in the fourth quarter of 2021 to a low of \$2,761 in the first quarter of 2020. Expenses have fluctuated within the normal range per quarter and vary quarter to quarter. Variance is based on the timing of project advancement, due diligence on potential projects, share capital structure changes, and professional/management services.

As an exploration stage company, the Company has not generated any revenue from its projects and does not anticipate it will do so for the foreseeable future. These costs are expected to increase during the next few quarters.

**SELECTED ANNUAL INFORMATION**

	31-Dec-21	31-Dec-20
Revenue	\$ -	\$ -
Net loss	(455,389)	(293,548)
Loss per share	(0.03)	(0.06)
Working capital (deficiency)	1,001,003	754,135
Total assets	1,091,154	814,596
Total non-current liabilities	-	-

**LIQUIDITY AND CAPITAL RESOURCES**

As the Company is a start-up and its mineral exploration activities are at its infancy stage, the Company has to depend on its ability to procure sufficient funding through share offerings to support current and future expenditures. As at December 31, 2021, the Company had net working capital of \$1,001,003 (December 31, 2020 - \$754,135 and a cumulative deficit of \$750,495 (December 31, 2020 - \$295,106). The cash component of working capital as at December 31, 2021 was \$1,006,655 (December 31, 2020 - \$784,433). As the Company will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities and debt in order to fund operations. Since inception, the Company has funded limited operations through the issuance of equity securities on a private placement basis. This has permitted the Company to carry out limited exploration and address costs associated with the Offering and ongoing compliance expenses.

**HERITAGE MINING LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the years ended December 31, 2021 and 2020

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Share transactions for the year ended December 31, 2021:

On February 19, 2021, the Company completed the third and final tranche and issued an additional 551,902 flow-through units at a price of \$0.17 per flow-through unit for gross proceeds of \$93,823 and an additional 3,271,340 non-flow through units at a price of \$0.15 per non-flow through unit for gross proceeds of \$490,701. A portion of these capital associated with this tranche was received on or before January 1, 2021. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the financing. Each non flow-through unit consists of one non flow-through common share and one warrant with each warrant entitling the holder to purchase one common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the closing date of the financing. The Company recognized flow-through premium of \$11,038. In connection with the financing, the Company issued 105,084 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.20 until February 19, 2024. The broker warrants have an estimated fair value of \$8,805, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 0.32%, dividend yield 0%.

On December 31, 2021, the Company completed an equity financing and issued 1,047,003 flow-through units at a price of \$0.30 per unit for gross proceeds of \$314,101. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.40 until December 31, 2024. The Company recognized flow-through premium of \$52,350. In connection with the financing, the Company issued 11,900 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 until December 31, 2024. The broker warrants have an estimated fair value of \$1,566, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 1.12%, dividend yield 0%.

The Company paid \$14,524 cash for share issue costs.

Share transactions for the year ended December 31, 2020:

On May 22, 2020, the Company completed an equity financing involving the issuance of 2,399,993 units in the capital of the Company, at a price of \$0.0375 per unit aggregate proceeds of \$90,000 with each unit consisting of one common share and one warrant entitling the holder to purchase one additional common share at an exercise price of \$0.075 for a period of 5 years from the closing date of the financing. The Company also issued 266,666 common shares to Wray Carvelas as compensation for services rendered to the Company, valued at \$10,000.

On August 14, 2020, the Company completed an equity financing involving the issuance of 7,866,645 common shares, at a price of \$0.075 per common share for aggregate gross proceeds of \$589,998. In connection with the financing, the Company issued 109,600 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.075 until August 14, 2022 and paid \$3,000 in cash commissions. The broker warrants have an estimated fair value of \$5,067, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 2 years, volatility 100%, risk-free rate 0.29%, dividend yield 0%.

On October 30, 2020, the Company completed the first tranche of its \$750,000 private placement financing and issued 571,758 flow-through units in the capital of the Company at a price of \$0.17 for aggregate

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proceeds of \$97,199. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the financing; and 140,001 non flow-through units in the capital of the Company at a price of \$0.15 per unit for aggregate proceeds of \$21,000. Each non flow-through unit consists of one non flow-through common share and one warrant with each warrant entitling the holder to purchase one common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the closing date of the financing.

On November 19, 2020, the Company completed the second tranche and issued an additional 483,253 flow-through units for gross proceeds of \$82,153 and an additional 89,667 non flow-through units for gross proceeds of \$13,450.

A flow-through premium of \$21,100 was recognized in connection with the flow-through offering equal to the premium paid for the flow-through shares. This liability has been reduced by \$13,295 and recognized as a recovery of the flowthrough premium liability when qualified exploration expenditures were incurred during the year ended December 31, 2020. At December 31, 2020, \$66,343 eligible exploration expenditures remain to be incurred.

**Detailed discussions related to the Company’s cash flows**

Year ended December 31, 2021

Cash balances increased by \$222,222 during the year ended December 31, 2021 (2020 – increased by \$784,433).

During the year ended December 31, 2021, cash used in the operating activities was \$524,209 compared to cash used by operating activities of \$246,250 during the year ended December 31, 2020. The cash used in operating activities in 2021 increased as there was an increase in the company’s operating expenses namely, the advancement and acquisition of Heritage Mining Properties, consulting fees, management fees, and professional fees. Cash provided by financing activities amounted to \$746,431 (2020 - \$1,032,183) this year.

**Stock options**

A summary of share options outstanding is as follows:

	Options outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at December 31, 2020	1,066,666	0.075	4.66
Options Issued	-	-	-
Options exercised	-	-	-
Options cancelled	-	-	-
Options expired	120,000	0.075	4.09
Balance at December 31, 2021	946,666	0.075	3.66

The Company adopted a share option plan (the “Share Option Plan”) under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares.

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In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company.

Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

The Company did not grant any options during the 2021 fiscal period.

On August 29, 2020, the Company granted 1,066,666 stock options to directors, management and consultants at an exercise price of \$0.075 per common share for a period of 5 years from the date of issuance. The options have an estimated fair value of \$59,100, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 5 years, volatility 100% based on comparable peer companies' share price volatilities, risk-free rate 0.35%, dividend yield 0%. During the 2021 year, 100,000 options were forfeited.

As of December 31, 2021, the Company had 946,666 options outstanding.

### **Warrants**

A summary of changes in outstanding warrants is as follows:

	Warrants outstanding	Weighted Average Exercise Price
Balance at December 31, 2020	3,794,542	\$0.12
Issued	4,987,229	\$0.24
Balance at December 31, 2021	8,781,771	\$0.19

During the year ended December 31, 2021, the Company issued 4,987,230 warrants to investors as part of a unit offering for the private placements that closed on February 24, 2021 and December 31, 2021.

As of December 31, 2021, the Company had 8,781,771 warrants outstanding.

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**SHARES OUTSTANDING**

As of December 31, 2021, the Company had 16,688,229 issued and fully paid common shares.

	Number of shares
Balance, December 31, 2020	11,817,984
Shares issued for private placements	4,870,245
Balance, December 31, 2021	16,688,229

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company had no off-balance sheet arrangements as at December 31, 2021, or as of the date of this report.

**Related party balances**

As at December 31, 2021, and December 31, 2020 there were no related party balances.

**Related party transactions and key management compensation**

During the year ended December 31, 2021 and 2020, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	December 31, 2021	December 31, 2020
Management fees, accounting, and office	133,206	\$ 41,665
Consulting fees paid by shares	-	10,000
Share-based payments	9,190	16,683
	142,396	\$ 68,348

On May 22, 2020, the Company issued 266,666 common shares at a fair value of \$10,000 to Wray Carvelas, Director, as compensation for services rendered to the Company.

During the year ended December 31, 2021, the Company paid \$129,206 (2020 – \$41,665) to a Company controlled by Peter Schloo, CEO and Director for executive and administrative services rendered. The Company signed an independent contractor agreement with its CEO for \$126,000 per annum.

During the year ended December 31, 2021, the Company paid \$4,000 (2020 – nil) to James Fairbairn, CFO and Director, for executive services rendered.

**SUBSEQUENT EVENTS**

- a) On January 6, 2022, the Company entered into an option agreement to acquire a 100% interest in the Zarn Lake property contiguous with the Drayton - Black Lake Project. To earn its 100% interest in the property, the Company paid \$20,000 upon signing the option agreement and is required to make staged option payments, common share issuances and minimum spend requirements over a three year period as follows:



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**SUBSEQUENT EVENTS (continued)**

- Issue \$50,000 worth of common shares upon completion of a go public transaction;
- Pay \$10,000 cash, issue \$25,000 worth of common shares and incur \$50,000 in project expenditures on or before the first anniversary;
- Pay \$20,000 cash, issue \$25,000 worth of common shares and incur \$100,000 in project expenditures on or before the Second anniversary;
- Pay \$70,000 cash, issue \$50,000 worth of common shares and incur \$250,000 in project expenditures on or before the third anniversary;

The optionor retains a 2% NSR on the property with a buy back of 1% for \$1,000,000 and an advanced royalty payment of \$1,000 per year after the Company earns 100% of the option agreement.

- b) On January 11, 2022, the Company appointed Red Cloud Financial Services Inc. to provide the marketing advisory services and to assist the Company on potential equity securities offering transactions with identified parties.
- The Company paid \$150,000 for the marketing fees upon signing for the first year of the agreement and is required to pay a monthly marketing fees of \$10,000 plus applicable taxes after the end of the first year term.

In the event that an equity securities offering involving an identified party is consummated, the Company will pay a cash commission that is equal to 7% of the gross proceeds raised from the sale of securities and will issue warrants that is equal to 7% of the number securities entitling the holder to purchase one additional common share at an exercise price equal to the offering price of such securities for a period of two years from the date of issuance.

- c) The Company closed an equity financing involving the issuance of 1,514,000 units in the capital of the Company at a price of \$0.25 per unit for aggregate proceeds of \$378,500. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.40 for a period of 36 months from the date of issuance.

In connection with the financing, the Company paid a finder's fee through the issuance of 42,000 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 for a period of 3 years from the date of issuance and aggregate cash payments of \$10,500.

**CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

For a detailed summary of the Company's significant accounting policies and critical accounting estimates, the readers are directed to Note 3 of the Notes to the audited financial statements for the years ended December 31, 2021 and 2020 that are available on SEDAR at [www.sedar.com](http://www.sedar.com).

**FINANCIAL INSTRUMENTS**

**Financial Instrument Risks**

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The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk by holding cash. This risk is minimized by holding cash in large Canadian financial institutions. This risk is assessed as low.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed available resources. This risk is assessed as high.

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have foreign currency denominated financial instruments and is not exposed to foreign exchange risk.

e) Price risk

Price risk is the risk that the risk of a decline in the value of the Company's financial instruments. Although price risk can be mitigated by hedging, the Company currently doesn't apply any hedging techniques as the Company doesn't have securities that are subject to price fluctuation.

**RISKS AND UNCERTAINTIES**

The Company believes that the following risks and uncertainties may materially affect its success.

**Limited Operating History**

The Company has no history of business or mining operations, revenue generation or production history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

**Exploration, Development and Operating Risks**

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs

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resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered would result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

**Fluctuating Mineral Prices**

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Property.

**Substantial Capital Requirements and Liquidity**

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those development plans that can be funded through cash flows generated from its existing operations.

**Financing Risks and Dilution to Shareholders**

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

**Title to Properties**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to the Property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not

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have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

**No Mineral Reserves or Mineral Resources**

The properties in which the Company holds an interest are considered to be an early exploration stage property, however no mineral reserve or mineral resource estimates have been prepared in respect of the properties. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

**Environmental Risks**

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

**Novel Coronavirus ("COVID-19")**

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population 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 further affect the Company's operations and ability to finance its operations.

### **FORWARD-LOOKING STATEMENTS**

This MD&A may include certain "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks that actual results of current exploration activities will differ, changes in project parameters as plans continue to be refined, unavailability of financing, fluctuations in precious and/or base metals prices and other factors, as outlined in the Company's preliminary long form prospectus filed on SEDAR. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current Directors and Officers of the Company are as follows:

Peter Schloo, CEO and Director  
Patrick Mohan, Chairman  
James Fairbairn, CFO and Director  
Wray Carvelas, Director  
Patrick Sullivan, Corporate Secretary

### **OUTLOOK**

The Company's primary focus for the foreseeable future will be on continuing exploration and development activities on its mineral projects.

### **OUTSTANDING SHARE DATA**

As of the date of this MD&A there were:

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- A total of 18,202,229 shares issued and outstanding.
- Share purchase warrants authorizing the purchase of 2,399,993 shares at a price of \$0.075 per share expiring May 22, 2025
- Share purchase warrants authorizing the purchase of 711,759 shares at a price of \$0.20 per share expiring October 30, 2023
- Share purchase warrants authorizing the purchase of 573,190 shares at a price of \$0.20 per share expiring November 19, 2023
- Share purchase warrants authorizing the purchase of 3,823,242 shares at a price of \$0.20 per share expiring February 19, 2024
- Share purchase warrants authorizing the purchase of 105,084 shares at a price of \$0.20 per share expiring on February 19, 2024
- Share purchase warrants authorizing the purchase of 1,047,003 shares at a price of \$0.40 per share expiring December 31, 2024
- Share purchase warrants authorizing the purchase of 1,514,000 shares at a price of \$0.40 per share expiring on January 26, 2025
- Stock options authorizing the purchase of 946,666 shares at a price of \$0.075 per share expiring August 29, 2025

**CERTIFICATE OF THE COMPANY**

Dated: March 3, 2022

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 Ontario, British Columbia and Alberta.

*“Peter Schloo”*

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Peter Schloo  
President, Chief Executive Officer and Director

*“James Fairbairn”*

\_\_\_\_\_  
James Fairbairn  
Chief Financial Officer and Director

**ON BEHALF OF THE BOARD OF DIRECTORS**

*“Patrick Mohan”*

\_\_\_\_\_  
Patrick Mohan  
Director

*“Wray Carvelas”*

\_\_\_\_\_  
Wray Carvelas  
Director

**CERTIFICATE OF THE PROMOTER**

Dated: March 3, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of the provinces of Ontario, British Columbia and Alberta.

*“Peter Schloo”*

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Peter Schloo



**CERTIFICATE OF THE AGENT**

Dated: March 3, 2022

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of the provinces of Ontario, British Columbia and Alberta.

**RED CLOUD SECURITIES INC.**

By: "Bruce Tatters"  
Name: Bruce Tatters  
Title: Chief Executive Officer