



**HELIOSTAR METALS LIMITED  
(FORMERLY REDSTAR GOLD CORP.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED MARCH 31, 2021 and 2020**



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## INTRODUCTION

*This is Management's Discussion and Analysis ("MD&A") for Heliostar Metals Limited ("Heliostar" or the "Company"), formerly Redstar Gold Corp. was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Forward-Looking Statement disclaimer included with this MD&A.*

*The audited consolidated financial statements and MD&A are presented in Canadian dollars, unless otherwise indicated, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The statements and any summary of results presented in the MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Please consult the audited consolidated financial statements for the years ended March 31, 2021 and 2020, for more complete financial information.*

*All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.*



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## **About Heliostar**

Heliostar Metals Limited is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1.

The Company is listed on the TSX Venture Exchange under the symbol “HSTR”.

On July 21, 2020, the Company entered into a share exchange agreement to acquire 100% of the shares of Heliodor Metals Limited (“Heliodor”) by acquiring all of the issued and outstanding share capital of Heliodor in exchange for 5,774,734 post consolidated common shares of the Company at a deemed issue price of \$1.20 per common share. On August 21, 2020, the Company completed the acquisition of Heliodor. As part of the acquisition the Company completed a \$7 million financing and appointed Charles Funk as new CEO.

On October 21, 2020, the Company consolidated its share capital on the basis of one post-consolidation common share for every fifteen pre-consolidation shares and changed the Company name from Red Star Gold Crop. to Heliostar Metals Limited.

### **1.1 Date**

This MD&A has been prepared based on information available to the Company as of June 30, 2021.

### **1.2 Overview**

#### **(a) Company Mission and Focus**

The Company is focused on High-Grade Gold Projects in the Americas and currently advancing the Unga gold project in Alaska, USA and La Lola, Cumaro and Oso Negro projects in Mexico.

Activity of the Company is generally dependent on the sources of capital and access to funding in the capital markets. The Company successfully maintains its business model as a gold explorer with active programs on its properties.

The Company has no substantial revenue and supports its operations through the sale of equity or assets such as mineral properties. The value of any mineral property is dependent upon the existence or potential existence of economically recoverable mineral reserves. See Section 1.15 “Risk Factors”, below.

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**(b) Major milestones during the year ended March 31, 2021**

- HelioStar completed a significant exploration program at the Unga gold-silver project in Alaska, USA.
- HelioStar acquired Heliodor Metals Ltd. along with 3 precious metals exploration projects in Mexico.
- Concurrent to the acquisition of Heliodor Metals Ltd. the Company appointed three new directors and a new CEO and shortly thereafter, a new Vice President of Exploration.
- HelioStar completed a financing of approximately \$7.0 million.
- The Company name was changed from Redstar Gold Corp. to HelioStar Metals Ltd.
- HelioStar completed a 15:1 share consolidation.
- HelioStar sold the 16.5% interest of Newman Todd project to Trillium Gold Mines Inc. (“Trillium”) for \$700,000 cash and 650,000 (\$975,000) Trillium common shares pursuant to the purchase agreement.

**(c) Financial position**

As of March 31, 2021 (“2021”), the Company had working capital of \$2,723,988 (March 31, 2020 (“2020”) - \$1,105,109) and an accumulated deficit of \$39,515,938 (2020 - \$31,260,089). During the year that ended on March 31, 2021, the Company incurred a comprehensive loss of \$7,476,910 (2020 - \$2,040,859) primarily due to expanded exploration at Unga project in Alaska

During the period, the Company incurred \$6,510,036 (2020 - \$990,563) in exploration expenses and incurred \$2,721,891 (2020 - \$813,528) in G&A and overhead expenses.

**(d) Share Capital**

- On August 21, 2020, the Company closed a non-brokered private placement where it issued 5,842,222 common shares (each a “share”) at \$1.20 per share for gross proceeds of \$7,010,666.
- The Company issued 5,774,734 shares of the Company at a deemed issue price of \$1.20 per common share to acquire Heliodor.
- During the year the Company issued 185,000 shares in relation to option exercise for gross proceeds of \$138,750. No options were exercised during the year ended March 31, 2020.



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

	<b>Year Ended March 31, 2021</b>	<b>Year Ended March 31, 2020</b>	<b>Year Ended March 31, 2019</b>
Total revenues	\$ -	\$ -	\$ -
Net loss for the year	8,255,849	1,594,162	1,163,604
Comprehensive loss for the year	7,476,910	2,040,859	4,807,683
Loss per share (basic and diluted)	0.30	0.08	0.00
Total assets	13,124,632	5,380,640	7,221,659
Total long-term financial liabilities	-	-	-
Cash dividends declared – per share	N/A	N/A	N/A

### **1.4 Results of Operation**

#### **Mineral Properties**

##### **(a) Unga Project, Alaska, USA**

Heliostar is the first exploration company to consolidate the land of the Unga Project, allowing for comprehensive district-scale exploration. The Company controls 100% of the 240 km<sup>2</sup> underexplored Unga Gold Project, known as an intermediate sulphidation epithermal district with multiple high-grade vein fields and disseminated mineralized systems capable of yielding significant mineralization. The Unga Gold Project refers collectively to the entire land package on Unga and Popof Islands located in the Shumagin Islands approximately 950 kilometres southwest of Anchorage, Alaska. Unga Island hosts the past producing high grade Apollo-Sitka gold mine which was the first underground gold mine in Alaska. Unga Island hosts multiple distinct gold zones with SH-1 deposit the most advanced, hosting an inferred resource of 384,318oz of gold at an average grade of 13.8g/t Au.



The project is accessible year-round and positioned at 55° N Latitude, conducive to a year-round operation. Neighboring Popof Island is the local infrastructure hub, with a one mile long public paved airstrip servicing routine flights from Anchorage, and an active deep water port that receives regular cargo ships from Fife, WA.

On July 1, 2019 (amended on August 29, 2019), the Company signed an exploration agreement with option to lease with The Aleut Corporation (“TAC”) (the “Agreement”). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC’s lands which form part of Heliostar’s “Unga Project” on Unga and Popof Islands located at the centre of the Aleutian Arc. The Agreement runs for a period of eight (8) years allowing Heliostar to conduct sub-surface work including drilling, trenching and sampling which permits the Company to advance the numerous mineral showings on the islands which number in excess of 38 distinct prospects including the SH-1 Zone (formerly the Shumagin Zone).

Pursuant to the Agreement, Heliostar is required to complete the following:

	Cash <sup>(a)</sup> (US\$)	Exploration Expenditure on the Property <sup>(b)</sup> (US\$)
On the execution	\$75,000 <sup>(i)</sup>	\$500,000 <sup>(ii)</sup>
July 1, 2020	75,000 <sup>(i)</sup>	525,000 <sup>(ii)</sup>
July 1, 2021	80,000	525,000
July 1, 2022	85,000	550,000
July 1, 2023	90,000	600,000
July 1, 2024	95,000	700,000
July 1, 2025	100,000	750,000
July 1, 2026	110,000	850,000
	<b>\$710,000</b>	<b>\$5,000,000</b>

<sup>(a)</sup> The cash amount includes the option payments and the materials payments.

<sup>(b)</sup> The first year's period begins from July 1, 2019 until December 31, 2019. Subsequent years commence on January 1 of each year and finishes on December 31 of that year.

<sup>(i)</sup> Paid

<sup>(ii)</sup> Incurred

### SH-1 Resource

On November 24<sup>th</sup> 2020, the Company filed mineral resource estimation that has resulted in a maiden National Instrument 43-101-compliant resource within a portion of the SH-1 zone. The report has been filed on [www.sedar.com](http://www.sedar.com).

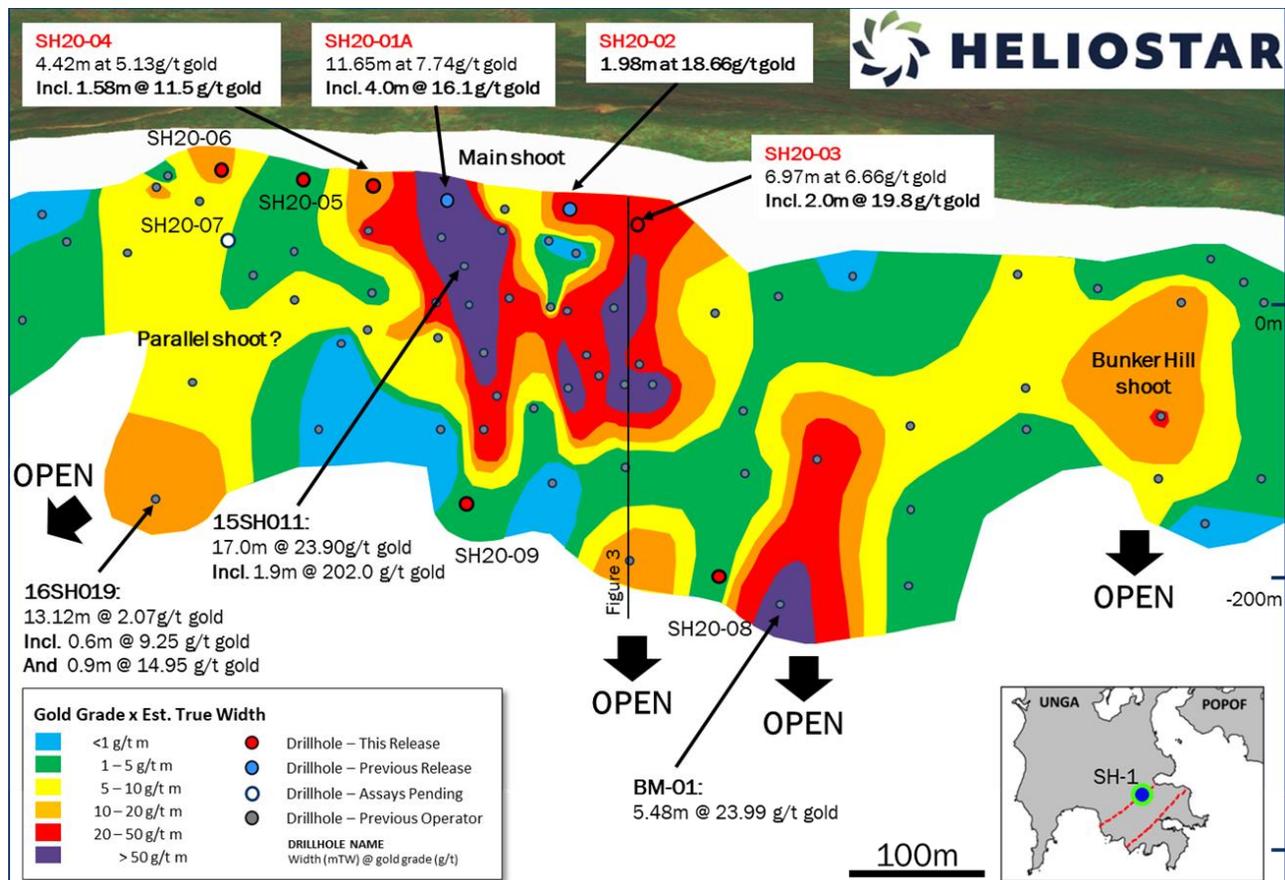
This resource derives from the centre of the SH-1 Zone which has been traced by diamond drilling for a total of 1.7 km of strike. SH-1 is a high-grade gold zone and displays all the features of an intermediate sulphidation system including bonanza gold grades and crustiform vein textures. It is one of several known, high-grade gold occurrences on the Shumagin vein corridor. The resource cut-off grade was based on a gold price of US\$1,450/ounce and preliminary metallurgical testing that yielded recovery rates of 87.8% for gold.

- 395,825 ounce gold equivalent maiden resource grading 14.2 g/t gold equivalent
- The inferred resource is contained in 866,015 tonnes at a 3.5g/t Au cut-off consisting of: 384,318oz of Gold at an avg. grade of 13.8g/t Au; and 986,321oz Silver at an avg. grade of 35.4g/t Ag.
- The mineralization outcrops at surface for 450m along strike and has been drilled to 310m down dip at the eastern end the 9.5km long Shumagin Trend.
- The SH-1 Zone's mineralization remains open at depth.

Further drilling was completed at SH-1 in 2020 and delivered robust widths and high grades as the company expanded on the historical drilling, particularly in holes SH20-03 and SH20-04.

#### 2020 Drilling Highlights:

SH20-01A	-	7.74 g/t gold and 27.0 g/t silver over 11.65 m from 12.95 m downhole, including; 16.06 g/t gold and 37.7 g/t silver over 4.0 m from 12.95 m downhole
SH20-02	-	18.66 g/t gold and 11.5 g/t silver over 1.98 m from 50.75 m downhole
SH20-03	-	6.66 g/t gold and 11.7 g/t silver over 6.97 m from 20.0 m downhole, including; 19.80 g/t gold and 23.3 g/t silver over 2.0 m from 23.0 m downhole
SH20-04	-	5.13 g/t gold and 14.6 g/t silver over 4.42 m from 13.26 m downhole, including; 11.5 g/t gold and 20.7 g/t silver over 1.58 m from 13.26 m downhole



**Figure 1:** Long section of SH-1 looking to northwest with 2020 holes shown and recently received results labelled in red.

## Apollo

The historic Apollo Mine produced approximately 130,000 ounces of gold at an estimated grade of 10 g/t. Ore is reported to have been mined from three closely spaced, parallel veins. The Apollo vein transitions from gold rich at shallow levels to gold with silver and base metals at depth.

The reader is cautioned that the qualified person has not been able to independently verify the historical assay results presented above and the Company's current drilling is designed to establish the grades and widths of vein targets at the historic Apollo Mine.

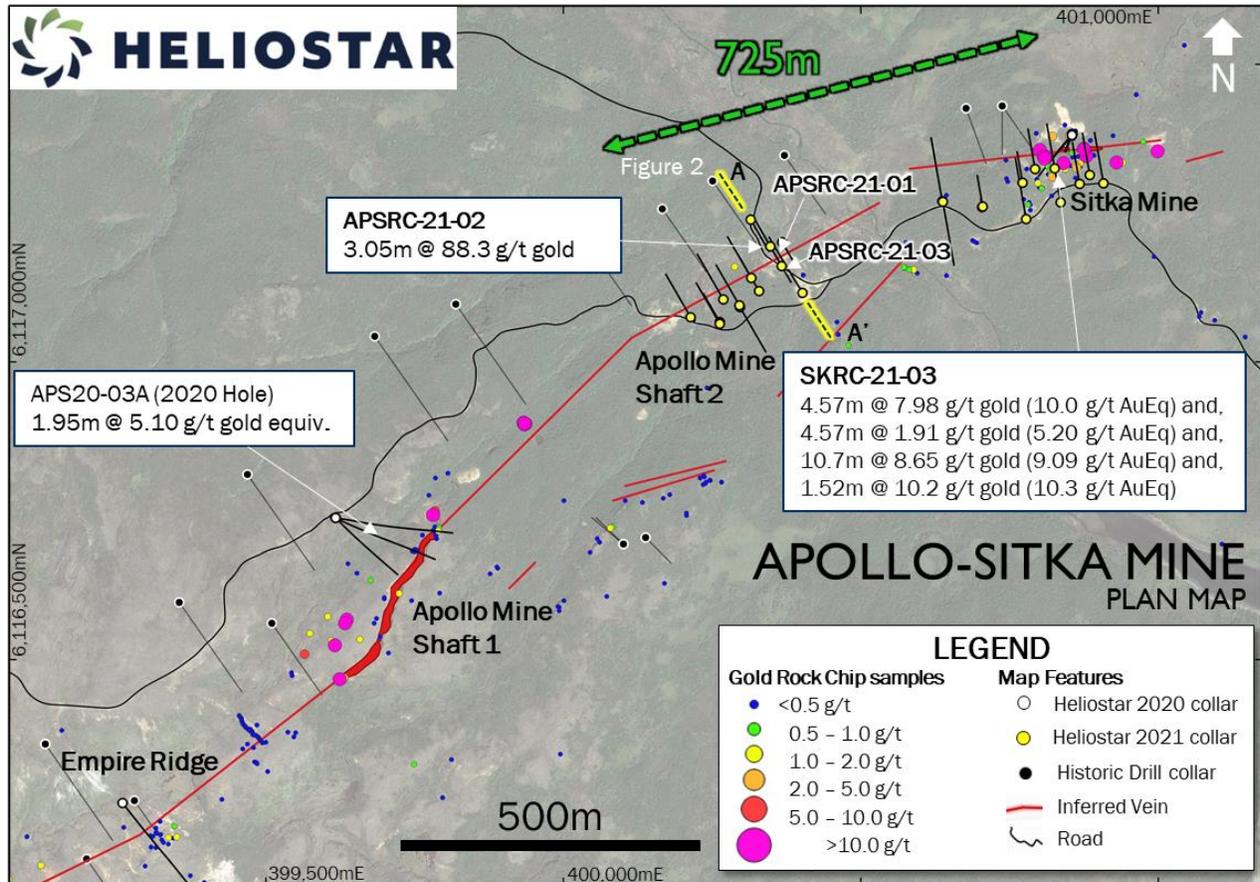
In 2020 the company completed seven holes at the former Apollo-Sitka Mine. Drill results include:

- APS20-03A - 5.10 grams per ton (g/t) gold equivalent (4.77 g/t gold, 14.3 g/t silver, 0.1% lead and 0.2% zinc) over 1.95 metres (m) from 157.89 m downhole
- APS20-04 - 1.06 g/t gold equivalent (0.30 g/t gold, 11.9 g/t silver, 0.7% lead and 0.8% zinc) over 24.99 m downhole from 5.79 m downhole

Note: All numbers are rounded and widths represent downhole lengths; true thicknesses are unknown. Gold equivalent is calculated using the following formula:  $\text{gold-equivalent} = ((\text{Au\_g/t} \times 48.23) + (\text{Ag\_g/t} \times 0.6431) + (\text{Pb\_ppm} \times 0.0019) + (\text{Zn\_ppm} \times 0.0021)) / 48.23$ . Metal price assumptions are \$1,500 per ounce gold, \$20 per ounce silver, \$0.85 per pound lead and \$0.95 per pound zinc.

On June 16, 2021 the Company announced the first results from four drill holes at Apollo-Sitka with highlights of:

- Hole APSRC21-02 which returned:  
88.3 grams per tonne ('g/t') gold over 3.05 metres from 21.35 metres ('m') downhole
- Hole SKRC21-03 which returned:  
7.98 g/t gold (10.0 g/t Aueq) over 4.57 metres from 13.72 m downhole and,  
1.91 g/t gold (5.20 g/t Aueq) over 4.57 metres from 39.62 m downhole and,  
8.65 g/t gold (9.09 g/t Aueq) over 10.67 metres from 54.86 m downhole including;  
19.3 g/t (20.1 g/t Aueq) gold over 4.57 metres from 56.39 m downhole and,  
10.2 g/t gold (10.3 g/t Aueq) over 1.52 metres from 83.82 m downhole.



**Figure 2:** Plan map showing location of the Heliostar and historic drilling at the Apollo prospect.

For 2021, Heliostar planned fences of reverse circulation (RC) drillholes to accurately locate the vein, with exploration drilling then to step-out along strike to expand the lateral footprint of mineralization.

Step-out drilling has intersected at least three parallel veins between Apollo Shaft 2 and the Sitka Mine and it remains open to depth and along strike.

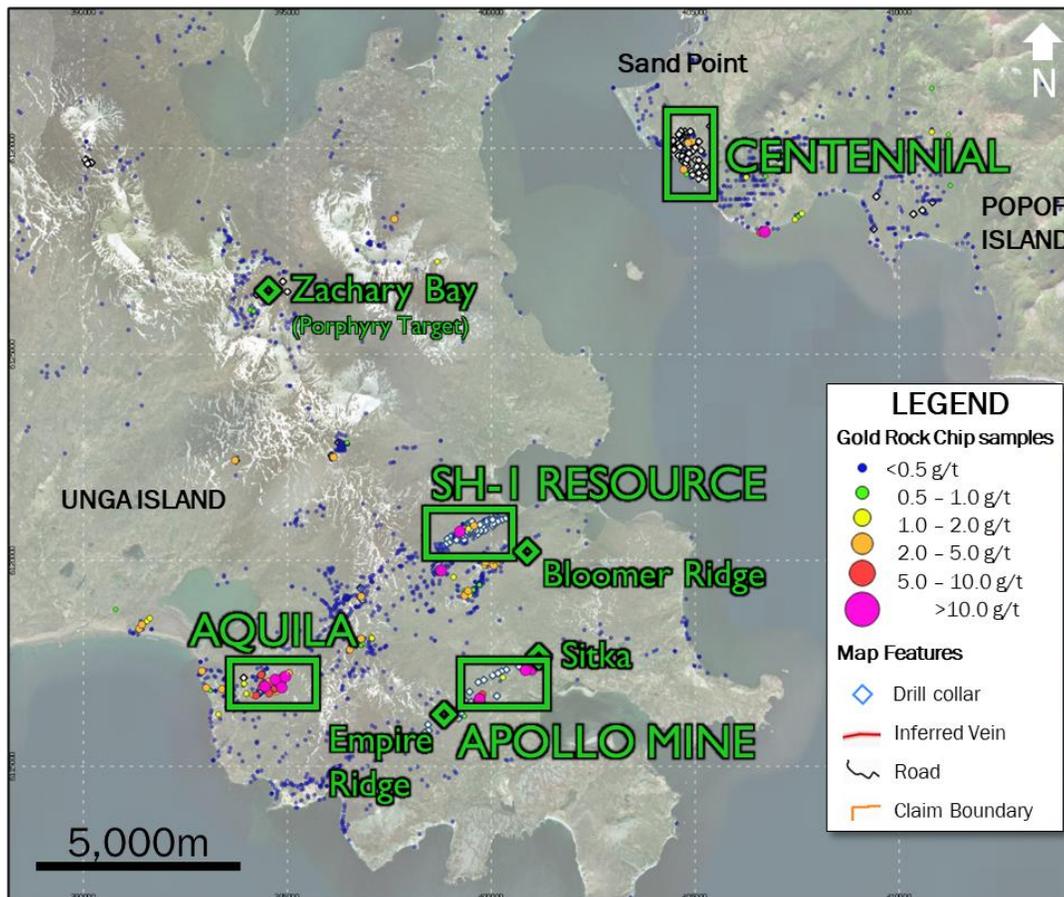
### Aquila

The Aquila target is a new zone at the Unga project. Drilling of a wide, shallow interval of gold mineralization in the first hole opened an entirely new and exciting area of exploration. Aquila is interpreted as on the same structure as the SH-1 resource, just 6 kilometres away. In this area, gold mineralization outcrops over 750 metres. It is one of the high potential exploration targets identified and drilled in 2020 and follow-up drilling is planned for 2021

AQ20-01 - 4.46 g/t gold over 3.6 m from 37.55 m downhole, and 2.24 g/t gold over 17.37 m from 46.63 m downhole, including; 5.56 g/t gold over 5.75 m from 50.25m downhole

## Unga regional targets

In addition to the priority projects, Unga hosts many additional high-grade gold vein, bulk-tonnage gold and porphyry copper-gold targets. Company geologists continue systematic exploration to advance these targets to be drill ready and some of these targets will be included in the latter part of the 2021 drilling program.



**Figure 3:** Location of Heliostar's main 2021 targets at the Unga Project, Alaska

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**(b) Newman Todd Property, Red Lake, Ontario, Canada**

On December 31, 2020 the Company announced sale of its 16.5% of the Newman Todd project interest to Trillium. Heliostar received \$700,000 cash and 650,000 Trillium common shares pursuant to the purchase agreement. In addition, if at any point after closing there should be 1,000,000 or more ounces of gold in measured and indicated reserves and resources on the Newman Todd property, Trillium has agreed to make an additional C\$1,000,000 cash payment to Heliostar. The Company paid a break fee of \$200,000 upon closing the transaction. The Trillium shares were valued at \$975,000. Total net consideration was \$1,475,000,

**(c) Acquisition of Heliodor Metals Ltd and the projects in Mexico**

Heliodor a 100% own subsidiary of Heliostar, was a private company with mineral projects within 50 kilometres of seven world-class gold-silver and copper mines and development projects, all of which are located in the northern portion of Mexico's Sonora state:

- a) The Oso Negro project is an early-stage intermediate sulphidation epithermal vein system prospect within a 1,275-hectare concession. The project has high grades, but has never been drilled. There are three major vein systems (El Sahuaro vein, Northern vein and Northsouth vein), all of which have been sampled at surface and from historic mine workings that have each returned greater than double-digit gold equivalent grades.

The Company has an option to acquire 100% interest in this property by making the following payments: US\$25,000 on signing (paid); US\$50,000 after 6 months (paid); and US\$100,000 after 18 months. The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000 at any time.

- b) The La Lola project is a large, 5,400-hectare land package with the prospect of a low-sulphidation epithermal system. The project contains the La Barra vein, which extends for five km and is as wide as 40 metres. Reconnaissance sampling of the vein has yielded samples of 58 grams per tonne gold taken from a historic dump and a 424 g/t silver sample taken from the hanging wall structure.

The Company has an option to acquire 100% interest in this property by making the following payments: US\$12,500 on signing (paid); US\$25,000 by March 25, 2021; and US\$25,000 by March 25, 2022. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000 at any time.

- c) Cumaro is the down-thrown block of a large, low-sulphidation vein field. Historic production in the vein field indicates excellent widths and grades while very little exploration has been undertaken on the eastern extension at Cumaro.

The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,000,000 at any time.

On March 4, 2021, the Company announced the commencement of exploration on its Mexican projects, including drilling at La Lola.

On March 29, 2021, the Company announced the first results of drilling at La Lola which included 2.5 metres grading 92.0 g/t silver in hole LOLA21-02.

On April 6, 2021, the Company announced the results of a mapping and sampling program at the Cumaro property which included 390 g/t silver over 1.0 metres.

On June 3, 2021, the Company announced the results from a mapping and sampling program at the Oso Negro property. Highlights included multiple high-grade channel and grab samples at the Prospecto Vein:

- 1,428 grams per tonne (“g/t”) silver equivalent (“AgEq”) over 1.2 metres
- 588 g/t AgEq over 1.8 metres
- 362 g/t AgEq over 2.4 metres
- 360 metres of strike with an average width of 1.3 metres and weighted average grade of 420 g/t silver equivalent.

In addition, the Company announced the staking of a new claim at the property, the Angel de Plata 2 claim.

### **Qualified Person**

The technical information contained in this MD&A has been reviewed and approved by Stewart Harris, P.Geol. of HelioStar who is a Qualified Person as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects".



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## **Financial Results**

### For the year ended March 31, 2021 and year ended March 31, 2020

During the year ended March 31, 2021, the Company reported a comprehensive loss of \$7,476,910 (\$0.30 loss per share) (2020 – \$2,040,859 (\$0.10 loss per share)).

The Company spent \$6,510,036 (2020 – \$990,563) on exploration and evaluation expenses. The Company had an aggressive exploration program at Unga project in Alaska during fiscal 2021.

Excluding the non-cash depreciation of \$9,961 (2020 – \$3,974) and share-based payments of \$1,179,290 (2020 – \$221,862), the Company's general and administrative expenses amounted to \$1,532,640 during the year ended March 31, 2021 (2020 – \$587,692), an increase of \$939,452 as a result of increase in professional fees (2021 - \$452,059; 2020 - \$91,402) as a result of the acquisition of Heliodor and other corporate activities, increase in investor relations (2021 - \$192,013; 2020 - \$13,103) as a result of increase in personal and investor relations and marketing initiatives, increase in office operations (2021 - \$186,519; 2020 - \$17,303) as a result of increase in personal and support services for the expanded operation, increase in management fees (2021 - \$439,952; 2020 - \$321,000) as a result of increase in management personal. Overall expenses increased due to expanded drill program at Unga project in Alaska and the exploration activities in Mexico.

During the year the Company recorded \$1,475,000 as net proceeds from sale of 16.5% interest of Newman Todd project to Trillium pursuant to the purchase agreement.

During the year ended March 31, 2021, the Company sold marketable securities for proceeds of \$ 1,069,275 (March 31, 2020, \$ 309,533) and recognized a gain on sale of \$ 778,939 (March 31, 2020- loss of \$446,697).

## 1.5 Summary of Quarterly results

Selected quarterly information for each of the eight most recently completed financial periods is set out below. All results were compiled using IFRS.

	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31
	2019	2019	2019	2020	2020	2020	2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total revenues	-	-	-	-	-	-	-	-
Income (Loss) for the period	(291,531)	(431,292)	(742,205)	(129,134)	163,662	(3,663,327)	(2,846,547)	(1,909,637)
Comprehensive Income (Loss)	(291,531)	(431,292)	(742,205)	(575,831)	547,705	(3,880,584)	(2,789,142)	(1,354,889)
Earnings (Loss) per share - basic	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.01)	(0.09)	(0.07)
Total assets	6,867,464	6,783,274	6,062,782	5,380,640	5,995,859	16,764,045	14,246,913	13,115,725
Working capital	2,771,302	2,246,574	1,681,724	1,105,109	1,558,032	8,095,214	5,277,641	2,723,987

Increase in losses in quarters two to four of the most recently completed fiscal year was due to increase in corporate activities and aggressive drill program at Unga project.

## 1.6 Liquidity

As at March 31, 2021, the Company's working capital was \$2,723,988 (2020 – \$1,105,109). With respect to working capital, \$1,238,723 was held in cash (2020 – \$53,992) while \$28,750 (March 2020 – \$5,750) was held in short-term investments.

The increase in cash was due to the private placement completed during the year and increase in fair value of the marketable securities in 2020.

Actual future funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity and foreign exchange fluctuations.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Management believes it will be able to raise equity capital as required in the long-term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

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### *Commitment and Contingency*

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans other than the US\$5,927 (2020 – US\$8,409) reclamation bond placed with the State of Nevada regarding the Cooks Creek property in Nevada.

### **1.7 Capital Resources**

The Company had 31,805,319 issued and outstanding common shares as of March 31, 2021, (2020 – 20,003,363).

During the year the Company issued the following common shares

- On August 21, 2020, the Company closed a non-brokered private placement where it issued 5,842,222 common shares (each a “share”) at \$1.20 per share for gross proceeds of \$7,010,666.
- The Company issued 5,774,734 shares of the Company at a deemed issue price of \$1.20 per common share to acquire Heliodor.
- During the year the Company issued 185,000 shares in relation to option exercise for gross proceeds of \$138,750. No options were exercised during the year ended March 31, 2020.

Subsequent to the year-end the company completed a \$5,616,047 brokered private placement. The Company offered 5,348,616 units at a price of \$1.05 per unit. Each unit consists of one common share in the capital of the Company (each a “Common Share”) and one half of one common share purchase warrant (each whole warrant a “Warrant”). Each Warrant is exercisable for one Common Share at an exercise price of \$1.70 for a period of 12 months following the closing date. The Warrants may be accelerated by the Company, at its sole option, at any time after the closing date of the Offering provided that the closing price of the common shares of the Company on the TSX Venture Exchange exceeds \$2.00 for a period of 15 consecutive trading days at any time after the date that is four months and one day following closing, by giving notice to the holders thereof and, in such case, the Warrants will expire at 4:00pm (Toronto time) on the earlier of: (i) the 30th day after the date on which such notice is given by the Company in accordance with the terms of the Warrants, and (ii) the date that is 12 months following the Closing Date.

### **1.8 Off-Balance Sheet Arrangements**

As a policy, the Company does not enter into off-balance sheet arrangements with special-purpose entities in the normal course of business, nor does it have any unconsolidated affiliates.

## 1.9 Transactions with Related Parties

### (a) Due to related parties

Balance as of March 31, 2021 of \$10,833 (March 31, 2020, \$85,281) was payable to the payable to the management of the Company as part of their management fees.

### (b) Key Management compensation

The remuneration paid to the directors and other key management personnel during the years ended March 31, 2021 and 2020 were as follows:

Name and principal position	Fiscal period	Remuneration or fees <sup>(i)</sup>	Share-based compensation	Amounts payable
Heliosphere Management Company, a company controlled by the Chief Executive Officer <sup>(iii)</sup>	2021	\$ 144,570	\$ 281,750	\$ -
	2020	\$ -	\$ -	\$ -
Verde Metals Ltd., a company controlled by the President <sup>(ii)</sup> - management fees	2021	\$ 138,750	\$ 14,088	\$ -
	2020	\$ 185,000	\$ 98,478	\$ 30,833
Director and Chairman of the Board - management fees	2021	\$ 65,000	\$ 112,700	\$ 10,833
	2020	\$ 65,000	\$ 33,920	\$ 22,215
Pacific Opportunity Capital Ltd., a company controlled by the former CFO <sup>(v)</sup> - accounting fees	2021	\$ 57,632	\$ 28,175	\$ -
	2020	\$ 71,000	\$ 23,320	\$ 12,845
Mahesh Liyanage Ltd., a company controlled by the CFO <sup>(vi)</sup> - accounting fees	2021	\$ 34,000	\$ 98,613	\$ -
	2020	\$ -	\$ -	\$ -
Directors' fees <sup>(iv)</sup>	2021	\$ 80,625	\$ 114,143	\$ -
	2020	\$ 78,539	\$ 53,000	\$ 19,388
Total	2021	\$ 520,577	\$ 649,468	\$ 10,833
	2020	\$ 399,539	\$ 208,718	\$ 85,281

(i) Remuneration or fees were paid or accrued to the related party.

(ii) Effective March 15, 2019, John Gray was appointed as the President and a director. Effective August 28, 2020 John Gray resigned from being a director, but remain as President up to December 31, 2020.

(iii) Effective August 28, 2020, Charles Funk was appointed as the Chief Executive Officer and a director.

(iv) Effective September 25, 2019, Susan J. Mitchell resigned and Patrick Chidley was appointed as a director. Effective August 28, 2020, Patrick Chidley and Sean Keenan resigned as directors while William Lamb and Alan Wilson were appointed as directors.

(v) Effective December 1, 2020, Mark Brown resigned as the CFO of the Company.

(vi) Effective December 1, 2020, Mahesh Liyanage appointed as the CFO of the Company.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

### **1.10 Fourth Quarter**

During the three months ended March 31, 2021, the Company reported a comprehensive loss of \$1,987,988 (\$0.07 loss per share) (2020 – \$575,831 (\$0.00 loss per share)).

During the three months ended March 31, 2021, the Company continued with the normal course of business. The Company continued to sell its marketable securities to generate liquidity to support the exploration program.

### **1.11 Proposed transactions**

The Company has a business plan that includes identifying and acquiring exploration projects, conducting initial exploration and optioning the projects to partners. Acquisitions and dispositions are an essential and on-going part of this plan.

### **1.12 Critical Accounting Estimates**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

#### a) Key sources of estimation uncertainty

##### Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

#### Impairment

Judgment is involved in assessing whether there is any indication that an asset may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset, and information from internal reporting.

#### Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

#### Decommissioning provision

The value of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

### **1.13 Changes in Accounting policies including Initial Adoption**

The Company did not adopt any new accounting standards issued during fiscal year.

### **1.14 Financial Instruments and Other Instruments**

Financial instruments of the Company carried on the Statements of Financial Position are carried at amortized cost with the exception of marketable securities, which are carried at fair value.

The fair values of the Company's marketable securities are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1 and Level 2.

#### Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, short-term investments, marketable securities, reclamation bond, accounts payable and accrued liabilities, and due to related parties. As at March 31, 2021 and March 31, 2020, the carrying value of cash and cash equivalents approximates fair value due to its short-term nature. Marketable securities are marked to fair value at each financial statement reporting date. Reclamation bond, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

#### Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

#### 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's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada and the United States; accordingly, the Company believes it not exposed to significant credit risk.

#### Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

#### Currency risk

The Company's main property interest in Alaska, USA make it subject to foreign currency fluctuations which may adversely affect the Company's Consolidated Statements of Financial Position, Consolidated Statements of Comprehensive Loss and Consolidated Statements of Cash Flows. The Company is affected by changes in exchange rates between the Canadian Dollar, Mexican pesos and the US Dollar. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately \$13,300 dominated in US dollars. A 1% change in the absolute rate of exchange in US dollars would affect its net loss by approximately \$130.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at March 31, 2021, the Company had a cash balance of \$1,238,723 to settle current liabilities of \$453,615.

## 1.15 Other requirements

### **Risks and Uncertainties**

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

#### Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

#### Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

#### Commodity price

The Company's exploration projects are primarily related to exploration for gold and other precious metals in Canada, Mexico and the USA. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the past, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

## Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder must assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title.

## Aboriginal land claims

Canadian, Mexico and US Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is generally supportive of measures established to achieve such cooperation. The risk of unforeseen aboriginal title claims also could affect existing exploration activities as well as potential development projects and possible future acquisitions and transfer of properties. While there is no existing claim to the Company's knowledge in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations cannot be predicted.

## Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

## Share price volatility and price fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

### Key personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

### Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. 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 additional attractive mineral properties on terms it considers acceptable.

### Foreign countries and regulatory requirements

Currently, the Company's only non-Canadian properties are located in the United States. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental

### Environmental and other regulatory requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, 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.

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Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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 capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

*History of net losses; accumulated deficit; lack of revenue from operations*

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

*Uninsurable*

The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

*Critical accounting estimates*

In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value. Management's estimates of exploration, operating, capital and reclamation costs, if any, are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

The Company also uses the Black-Scholes Option Pricing Model in relation to share based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.



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### Legal proceedings

As at the year-end and the report date, there were no legal proceedings against or by the Company.

### Impairment of Long-lived Assets

The Company completed an impairment analysis as at March 31, 2021 and concluded that no impairment charge was required because:

- the Company capitalized only the property acquisition costs and expense all its exploration expenditures;
- there have been no significant changes in the legal factors or climate that affects the value of the properties in Alaska;
- all properties in Alaska remain in good standing; and
- the Company intends to continue its exploration and development plans on the properties.

### Additional Disclosure for Venture Issuers without Significant Revenue

The significant components of general and administrative expenditures are presented in the consolidated financial statements. Significant components of mineral property expenditures are included in Section 1.4 Results of Operations.

### Outstanding Share Data

As of the date of this MD&A, the Company has 37,218,935 issued and outstanding common shares. In addition, the Company has 2,301,667 stock options outstanding that expire through January 15, 2026 and 3,248,562 common share purchase warrants outstanding that expire through May 5, 2022. Details of issued share capital are included in Note 14 of the audited consolidated financial statements for the years ended March 31, 2021 and 2020.

### Other Information

All technical reports on material properties, press releases and material change reports are filed on SEDAR at [www.sedar.com](http://www.sedar.com).