

**O R O G E N**  
**ROYALTIES INC.**

**(Formerly Evrim Resources Corp.)**

**Consolidated Financial Statements**

**For the years ended  
December 31, 2020 and 2019**

***Principal and Registered Office***

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J. Patrick Nicol

***Non-Executive Directors***

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***Listing***

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TSX Venture Exchange: OGN  
Shares Outstanding: 174,642,284

**Orogen Royalties Inc.**  
(Formerly Evrim Resources Corp.)

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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF OROGEN ROYALTIES INC. (FORMERLY EVRIM RESOURCES CORP.)

#### *Opinion*

We have audited the consolidated financial statements of Orogen Royalties Inc. (formerly Evrim Resources Corp.) (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

#### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

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

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$45,597,439 during the year ended December 31, 2020. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists 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.

#### *Other Information*

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

*Smythe LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
April 22, 2021

**OROGEN ROYALTIES INC.**  
**Formerly Evrim Resources Corp.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

|   |    | December 31,<br>2020 | December 31,<br>2019 |
|---|----|----------------------|----------------------|
| <b>Current Assets</b>                             |    |                      |                      |
| Cash and cash equivalents                         | 6  | \$ 3,617,103         | \$ 3,546,972         |
| Short term investments                            | 6  | 7,166,726            | 6,058,805            |
| Marketable securities                             | 7  | 53,664               | 43,000               |
| Amounts receivable                                | 8  | 398,927              | 346,551              |
| Prepaid expenses and deposits                     |    | 56,248               | 9,124                |
|   |    | <b>11,292,668</b>    | <b>10,004,452</b>    |
| <b>Non-current Assets</b>                         |    |                      |                      |
| Prepaid rent and deposit                          |    | -                    | 30,560               |
| Property, plant and equipment, net                | 9  | 429,893              | 237,841              |
| Reclamation bond                                  | 11 | 207,214              | 173,334              |
|   |    | <b>637,107</b>       | <b>441,735</b>       |
| <b>Total Assets</b>                               |    | <b>\$ 11,929,775</b> | <b>\$ 10,446,187</b> |
| <b>Liabilities and Shareholders' Equity</b>       |    |                      |                      |
| <b>Liabilities</b>                                |    |                      |                      |
| Accounts payable and accrued liabilities          | 12 | \$ 120,438           | \$ 189,908           |
| Short term lease liabilities                      | 10 | 155,317              | 58,331               |
| Joint venture partner deposits                    | 6  | 592,029              | 91,358               |
|   |    | <b>867,784</b>       | <b>339,597</b>       |
| <b>Non-current Liabilities</b>                    |    |                      |                      |
| Long term lease liabilities                       | 10 | 177,818              | 123,181              |
| Provision for environmental rehabilitation        | 13 | -                    | 5,306                |
|   |    | <b>1,045,602</b>     | <b>468,084</b>       |
| <b>Shareholders' Equity</b>                       |    |                      |                      |
| Share capital                                     | 15 | 71,225,199           | 27,517,214           |
| Contributed surplus                               |    | 3,475,013            | 913,625              |
| Accumulated deficit                               |    | <b>(63,816,039)</b>  | <b>(18,452,736)</b>  |
|   |    | <b>10,884,173</b>    | <b>9,978,103</b>     |
| <b>Total Liabilities and Shareholders' Equity</b> |    | <b>\$ 11,929,775</b> | <b>\$ 10,446,187</b> |

Approved and authorized for issue by the Board on April 22, 2021

*Roland Butler*  
**Director**

*Robert P. Felder*  
**Director**

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

# OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

| <b>Mineral Property Operations</b>                                     | <b>Note</b> | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|-------------|------------------------------|------------------------------|
| <b>Revenue</b>   |             |                              |                              |
| Option proceeds  | 11          | \$ 239,581                   | \$ 363,403                   |
| Project management fees  |             | 616                          | 190,369                      |
|  |             | <b>240,197</b>               | <b>553,772</b>               |
| <b>Expenses</b>  |             |                              |                              |
| Acquisition expenditures   | 4           | 42,103,466                   | 227,222                      |
| Exploration expenditures   | 11          | 1,107,212                    | 3,545,209                    |
| Government grant on exploration expenditures                           | 11          | -                            | (58,540)                     |
| Exploration reimbursements   |             | (17,508)                     | (2,423,543)                  |
| Exploration tax recovery   |             | -                            | (16,449)                     |
| Provision for environmental rehabilitation                             | 13          | -                            | (61,219)                     |
|  |             | <b>43,193,170</b>            | <b>1,212,680</b>             |
| <b>Loss from Mineral Property Operations</b>                           |             | <b>42,952,973</b>            | <b>658,908</b>               |
| <b>Other Operations</b>  |             |                              |                              |
| Interest income  |             | 88,000                       | 215,619                      |
|  |             | <b>88,000</b>                | <b>215,619</b>               |
| Accounting and legal   |             | 179,314                      | 130,937                      |
| Depreciation   |             | 168,047                      | 178,904                      |
| Foreign exchange (gain)/loss   |             | 10,173                       | 93,970                       |
| General and administrative   |             | 259,492                      | 206,938                      |
| Investor services  |             | 85,612                       | 48,290                       |
| Management & professional fees   | 17          | 186,520                      | 173,626                      |
| Marketing services   |             | 69,301                       | 57,091                       |
| Salaries and support services  | 17          | 1,723,107                    | 1,389,927                    |
| Share-based compensation   | 15(b)       | 79,107                       | 244,040                      |
| Travel   |             | 21,579                       | 157,844                      |
|  |             | <b>2,782,252</b>             | <b>2,681,567</b>             |
| <b>Loss from Other Operations</b>                                      |             | <b>2,694,252</b>             | <b>2,465,948</b>             |
| <b>Operating loss before the following</b>                             |             | <b>\$ 45,647,225</b>         | <b>\$ 3,124,856</b>          |
| Other loss (income)  |             | (59,504)                     | 108,000                      |
| Marketable securities write-down                                       | 7           | 9,718                        | -                            |
| <b>Net Loss and Comprehensive Loss for the Year</b>                    |             | <b>\$ 45,597,439</b>         | <b>\$ 3,232,856</b>          |
| <b>Basic and diluted loss per share</b>                                |             | <b>\$ 0.39</b>               | <b>\$ 0.04</b>               |
| <b>Basic and diluted weighted average number of shares outstanding</b> |             | <b>118,006,464</b>           | <b>84,616,384</b>            |

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



**OROGEN ROYALTIES INC.**  
**Formerly Evrim Resources Corp.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

|  | <b>Note</b> | <b>2020</b>         | <b>2019</b>         |
|--|-------------|---------------------|---------------------|
| <b>Cash Flows Used in Operating Activities</b>                         |             |                     |                     |
| Net loss   |             | \$ (45,597,439)     | \$ (3,232,856)      |
| Add (deduct) items not involving cash:                                 |             |                     |                     |
| Fair value adjustment of purchase consideration                        | 4           | 41,701,005          | -                   |
| Depreciation   | 9           | 168,046             | 178,904             |
| Acquisition of foreign subsidiary                                      |             | (42,853)            | -                   |
| Gain (loss) marketable securities                                      |             | 6,933               | -                   |
| Marketable securities write-down                                       |             | -                   | 108,000             |
| Unrealized foreign exchange (gain) loss                                |             | (50,213)            | 30,180              |
| Shares received as option payment                                      |             | (35,000)            | (96,000)            |
| Shares issued for mineral property interest                            |             | -                   | 18,750              |
| Provision for environmental rehabilitation                             | 13          | (5,306)             | (61,219)            |
| Share-based compensation   |             | 79,107              | 244,040             |
|  |             | <b>(3,775,720)</b>  | <b>(2,810,201)</b>  |
| Net change in non-cash working capital balances related to operations: |             |                     |                     |
| Accounts receivables   |             | 40,638              | (76,784)            |
| Prepaid expenses and deposits  |             | 8,720               | (12,557)            |
| Operating lease obligation   | 10          | (93,461)            | (59,237)            |
| Accounts payable and accrued liabilities                               |             | (389,984)           | (16,071)            |
| Project deposits   |             | 420,566             | (1,506,973)         |
| <b>Net Cash Flows Used in Operating Activities</b>                     |             | <b>(3,789,241)</b>  | <b>(4,481,823)</b>  |
| <b>Cash Flows Provided (Used In) By Investing Activities</b>           |             |                     |                     |
| Redemption (purchase) of marketable securities                         | 7           | 28,800              | 963,058             |
| Redemption (purchase) in short term investments                        | 6           | (1,107,921)         | -                   |
| Reclamation bond   |             | (5,558)             | (120,334)           |
| Purchase of property, plant and equipment                              | 9           | (77,583)            | (65,772)            |
| <b>Net Cash Flow Provided (Used In) By Investing Activities</b>        |             | <b>(1,162,262)</b>  | <b>776,952</b>      |
| <b>Cash Flows Provided By Financing Activities</b>                     |             |                     |                     |
| Cash acquired from the acquisition of Renaissance Gold Inc.            | 4           | 4,403,341           | -                   |
| Acquisition of foreign subsidiary                                      |             | (19,346)            | -                   |
| Proceeds from exercise of warrants                                     | 15          | 112,322             | -                   |
| Proceeds from exercise of options                                      | 15          | 477,120             | 194,125             |
| <b>Net Cash Flow Provided by Financing Activities</b>                  |             | <b>4,973,437</b>    | <b>194,125</b>      |
| Effects of foreign currency translation on cash and cash equivalents   |             | 48,197              | (30,180)            |
| <b>Increase (Decrease) in Cash &amp; Cash Equivalents</b>              |             | <b>70,131</b>       | <b>(3,540,926)</b>  |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                    |             | <b>3,546,972</b>    | <b>7,087,898</b>    |
| <b>Cash and Cash Equivalents, End of Year</b>                          |             | <b>\$ 3,617,103</b> | <b>\$ 3,546,972</b> |
| <b>Cash and cash equivalents are comprised of:</b>                     |             |                     |                     |
| Cash   | 6           | \$ 1,275,072        | \$ 705,614          |
| Cash restricted for exploration  |             | 592,029             | 91,358              |
| Short-term money market instruments                                    | 6           | 1,750,002           | 2,750,000           |
|  |             | <b>\$ 3,617,103</b> | <b>\$ 3,546,972</b> |
| <b>Supplemental Cash Flow Information:</b>                             |             |                     |                     |
| Interest received  |             | \$ 88,000           | \$ 221,268          |

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

## OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

### Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

| Share Capital                              |       |                    |                      |                        |                        |                         |
|--|-------|--------------------|----------------------|------------------------|------------------------|-------------------------|
|  | Note  | Shares             | Amount               | Contributed<br>surplus | Accumulated<br>deficit | Shareholders'<br>Equity |
| <b>Balance, December 31, 2018</b>          |       | <b>84,469,317</b>  | <b>\$ 27,179,476</b> | <b>\$ 885,824</b>      | <b>\$ (15,325,254)</b> | <b>\$ 12,740,046</b>    |
| Adjustment of lease IFRS 16                |       | -                  | -                    | -                      | 13,998                 | 13,998                  |
| Mineral property acquisition               | 11    | 50,000             | 18,750               | -                      | -                      | 18,750                  |
| Stock option exercise                      | 15    | 776,500            | 318,988              | (124,863)              | -                      | 194,125                 |
| Share-based compensation                   | 15(b) | -                  | -                    | 303,416                | -                      | 303,416                 |
| Reallocation of forfeited options          | 15(b) | -                  | -                    | (150,752)              | 91,376                 | (59,376)                |
| Net loss and comprehensive loss            |       | -                  | -                    | -                      | (3,232,856)            | (3,232,856)             |
| <b>Balance, December 31, 2019</b>          |       | <b>85,295,817</b>  | <b>\$ 27,517,214</b> | <b>\$ 913,625</b>      | <b>\$ (18,452,736)</b> | <b>\$ 9,978,103</b>     |
| Share issued under the Plan of Arrangement | 4     | 86,808,513         | 42,874,725           | 2,960,238              | -                      | 45,834,963              |
| Stock option exercise                      | 15    | 2,246,671          | 689,804              | (212,684)              | -                      | 477,120                 |
| Share-based compensation                   | 15(b) | -                  | -                    | 151,469                | -                      | 151,469                 |
| Warrant exercise                           | 15    | 291,283            | 143,456              | (31,137)               | -                      | 112,319                 |
| Reallocation of forfeited options          | 15(b) | -                  | -                    | (72,362)               | -                      | (72,362)                |
| Reallocation of forfeited warrants         | 15(c) | -                  | -                    | (234,136)              | 234,136                | -                       |
| Net loss and comprehensive loss            |       | -                  | -                    | -                      | (45,597,439)           | (45,597,439)            |
| <b>Balance, December 31, 2020</b>          |       | <b>174,642,284</b> | <b>\$ 71,225,199</b> | <b>\$ 3,475,013</b>    | <b>\$ (63,816,039)</b> | <b>\$ 10,884,173</b>    |

# **OROGEN ROYALTIES INC.**

*Formerly Evrim Resources Corp.*

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Orogen Royalties Inc. (the “Company” or “Orogen”), formerly Evrim Resources Corp., is a royalty and mineral exploration company with a diverse portfolio of precious metal royalties and copper, gold and silver exploration projects in Canada, United States and Mexico. The Company has two business segments – mineral royalties and mineral exploration project generation. The Company also owns a geological database covering parts of Mexico, central Asia, South Pacific, western Canada and western United States.

Orogen uses the project generator business model and its projects, either acquired from other third parties or discovered through the Company’s exploration programs, are advanced through option and/or joint venture agreements with industry partners to provide maximum exposure to exploration success. Mineral royalties and revenue are also generated from these option and/or joint venture arrangements.

The Company was incorporated on May 11, 2005, as a capital pool company for the purposes of the policies of the TSX Venture Exchange (the “Exchange”) and is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. The shares of the Company commenced trading on the Exchange under the symbol EVM on January 25, 2011. On August 18, 2020, the Company acquired Renaissance Gold Inc. (“Renaissance”) through a Plan of Arrangement (Note 4) under the Business Corporations Act (British Columbia) (the “Arrangement”) and was renamed Orogen Royalties Inc. The Company commenced trading on the Exchange under the symbol OGN on August 20, 2020.

The head office, principal registered, and records office of the Company are located at 1201 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8.

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to continue in operations and contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. However, the Company has no significant source of recurring revenue, has experienced recurring losses over the past several fiscal years (2020 - \$45,597,439; 2019 - \$3,232,856) and has an accumulated deficit as at December 31, 2020 of \$63,816,039 (2019 - \$18,452,736).

The Company’s ability to continue as a going concern is dependent on its ability to obtain additional debt or equity financing to successfully advance its business plan. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business

# **OROGEN ROYALTIES INC.**

*Formerly Evrim Resources Corp.*

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## **1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)**

globally. This has negatively impacted the Company, especially during the first half of 2020, whereby project activities were significantly reduced and/or deferred which resulted in lower management fees compared to 2019. However, this was offset by reduced overhead and G&A expenses related to travel, marketing and business development activities.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

## **2. STATEMENT OF COMPLIANCE**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Except for cash flow information and financial instruments measured at fair value, these consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting.

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

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### **(a) Basis of consolidation**

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (Evrim Exploration Canada Corp. ("EEC"), 1124798 B.C. Ltd., 1174610 B.C. Ltd., Evrim Resources (Barbados) Ltd., Minera Evrim, S.A. de C.V. ("Minera"), Servicios Mineros Orotac, S.A. de C.V. ("SMO"), Opata Resources, S.A. de C.V. ("Opata"), Minera Inmet Mexico S.A. de C.V. ("Inmet"), and Evrim Resources USA Inc. ("Evrim US"). As a result of the Arrangement on August 18, 2020, the Company acquired Renaissance and its subsidiaries including Renaissance Exploration Inc., and Kinetic Gold Corp. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases. Control is based on whether an investor has power over the investee and the ability to use its power over the investee to affect the value of returns. All significant intercompany transactions and balances have been eliminated.

# OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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

|  | Place of<br>incorporation | Proportion of<br>ownership<br>interest<br>December 31,<br>2020 | Proportion of<br>ownership<br>interest<br>December 31,<br>2019 | Principal activity  |
|--|---------------------------|--|--|---------------------|
| Evrим Exploration Canada Corp.         | British Columbia          | 100%   | 100%   | Mineral exploration |
| 1124798 B.C. Ltd.                      | British Columbia          | 100%   | 100%   | Mineral exploration |
| 1174610 B.C. Ltd.                      | British Columbia          | 100%   | 100%   | Holding company     |
| Evrим Resources (Barbados) Ltd.        | Barbados                  | 100%   | 100%   | Holding company     |
| Minera Evrim, S.A. de C.V.             | Sonora, Mexico            | 100%   | 100%   | Mineral exploration |
| Servicios Mineros Orotac, S.A. de C.V. | Sonora, Mexico            | 100%   | 100%   | Service company     |
| Opata Resources, S.A. de C.V.          | Sonora, Mexico            | 100%   | 100%   | Mineral exploration |
| Minera Inmet Mexico S.A. de C.V.       | Sonora, Mexico            | 100%   | n/a  | Holding company     |
| Evrим Resources USA Inc.               | Nevada, USA               | 100%   | 100%   | Mineral exploration |
| Renaissance Gold Inc.                  | British Columbia          | 100%   | n/a  | Mineral exploration |
| Renaissance Exploration Inc.           | Nevada, USA               | 100%   | n/a  | Mineral exploration |
| Kinetic Gold Corp.                     | British Columbia          | 100%   | n/a  | Holding company     |

### (b) Use of estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### (i) *Share-based compensation*

The fair value of share-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, for which changes in subjective input assumptions can materially affect the fair value estimate.

# OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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

(ii) *Valuation of deferred tax assets*

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

(iii) *Provision for environmental rehabilitation*

Under IFRS, provisions should be adjusted for changes in the discount rate. The Company has chosen not to discount the provision for environmental rehabilitation, as the amounts are not material (Note 3(p)).

(iv) *Leases*

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location.

(c) *Critical accounting judgments*

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) *Determination of functional currency*

Several factors were considered in making the judgment that the primary economic environment for the Company and all subsidiaries is the Canadian dollar ("CAD"). The Mexican and US subsidiaries are not self-sustaining and require significant resources provided by Orogen. Orogen raises these funds by issuing shares in Canadian dollars. In addition, majority of the option or joint venture agreements are denominated in either Canadian or US dollars.

(ii) *Future taxable profits*

Determination of the likelihood of future taxable profits to enable use of deferred tax assets requires consideration of current corporate strategies and likely outcomes with respect to taxable income. Present factors do not support the probability of deferred tax assets being recovered.

# OROGEN ROYALTIES INC.

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

(iii) *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Management takes in to account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern exist.

(iv) *Right of use assets and lease liability*

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset and the lease term and if liability exist at the time of the inception of the contract. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option as well as determining when the liability on a contract exists.

(v) *Recoverability of accounts receivables*

The Company records an allowance for bad debts related to accounts receivable considered to be uncollectable. The allowance is based on the Company's knowledge of the financial condition of its joint venture partners, the aging of the receivables, the current business environment and historical experience. A change to those factors could impact the estimated allowance for bad debts.

(vi) *Business combinations*

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset, management considers the following parameters in addition to assets acquired and liabilities assumed necessary to constitute a business as defined in IFRS 3 *Business Combinations*:

- Inputs include all non-current assets and especially title and interest to all mineral assets;
- Processes include all systems and processes of the acquired business; and
- Output intended is advancing mineral property projects and developing royalties and other value from them.

(d) *Presentation and functional currency*

The Company's presentation currency is the CAD. The functional currency of Orogen and its subsidiaries is the CAD.

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

### (e) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical exchange rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical exchange rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

### (f) Revenue recognition

The Company records revenue from joint venture agreements in accordance with the five-step model in IFRS 15 *Revenue from Contracts with Customers* as follows:

- (i) *Identify the contract with a customer;*
- (ii) *Identify the performance obligation in the contract;*
- (iii) *Determine the transaction price, which is the total consideration provided by the customer;*
- (iv) *Allocate transaction price among the performance obligations in the contract based on their relative fair values; and*
- (v) *Recognize revenue when the relevant criteria are met for each performance obligation.*

Revenues from option payments and joint venture management fees is recognized when all the performance obligations identified in the agreements are satisfied.

### (g) Share-based compensation

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and non-employees. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received and is based on the fair value of the goods or services received or the fair value of the equity instruments issued if this is a more reliable measure. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest. Charges for options that are forfeited before vesting are reversed from share-based payment reserve and transferred to deficit. For options that expire or are forfeited after the vesting, the recorded value is transferred from the share-based payment reserve to deficit or off-set from the share-based payment expense.



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## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### (h) Income taxes

Income tax consists of current and deferred tax expense. Income tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax losses carried forward. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### (i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and highly liquid investments with an original maturity of three months or less.

# OROGEN ROYALTIES INC.

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Notes to the Consolidated Financial Statements

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

### (k) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses. These assets are depreciated using the straight-line method based on estimated useful lives, which generally range from two to five years. Where an item of equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of equipment. The depreciation method, useful life and residual values are assessed annually.

Leasehold improvements are depreciated evenly over the remaining term of the lease. If the term of the lease is changed, the remaining balance will be depreciated over the new term of the lease or an impairment loss will be recognized if the lease is terminated early.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs".

The estimated useful lives of equipment are:

|                                |               |
|--------------------------------|---------------|
| Computer equipment             | 3 years       |
| Computer software              | 2 years       |
| Field equipment                | 5 years       |
| Mobile equipment (trucks)      | 2.5 years     |
| Office equipment and furniture | 5 years       |
| Leasehold improvements         | Term of lease |

### (l) Mineral property interests

The Company's mineral property interests are comprised of mineral properties owned by the Company and rights to ownership of mineral properties, which the Company can earn through cash or share payments, incurring exploration expenditures or combinations thereof.

The Company accounts for its mineral property interests by charging all acquisition and exploration costs to operations as incurred and crediting all property sales and option proceeds to operations. When the existence of a mineral reserve on a property has been established, future acquisition, exploration and development costs will be capitalized for that property, then amortized using the unit-of-production method following commencement of production.

# OROGEN ROYALTIES INC.

*Formerly Evrim Resources Corp.*

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

(m) Joint venture partner deposits

The Company receives funds in advance of performing contractual exploration work. The Company transfers the advances to exploration reimbursements and project management fees as work is completed.

(n) Government grant

Government grants are recognized when received/receivable and are offset against cost of acquisition of mineral properties and exploration costs in the consolidated statement of loss and comprehensive loss.

(o) Financial instruments

*Financial assets*

Initial recognition and measurement

A financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that:

- (i) *The asset is held within a business model whose objective is to hold assets to collect contractual cash flows;*
- (ii) *The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and*
- (iii) *Is not designated as fair value through profit or loss.*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at fair value through profit or loss*

Financial assets measured at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value therein, recognized in the consolidated statement of loss and comprehensive loss.

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

### *Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- (i) *The asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and*
- (ii) *The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.*

### Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- (i) *The contractual rights to receive cash flows from the asset have expired; or*
- (ii) *The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.*

### *Financial liabilities*

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

### *Fair value hierarchy*

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

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## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(p) Environmental rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. This liability is recognized at the time the environmental disturbance occurs. The provision for reclamation liabilities is estimated using expected cash flows for third party environmental rehabilitation. The estimated cash flow has not been discounted since the amount of the discount would not be material.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount of the future expenditures. These changes are recorded directly as an accretion adjustment with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. Changes are charged to profit or loss for the period.

Restoration expense arising from subsequent environmental disturbance, which is incurred on an ongoing basis during exploration, is charged to exploration expenditures as incurred. The costs of reclamation that were included in the rehabilitation provision are recorded against the provision as incurred.

(q) Reclamation bonds

Reclamation bonds are recorded at amortized cost and held by government agencies.

(r) Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date of issuance. Proceeds from the issuance of units are allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the placement and the balance, if any, is allocated to the attached warrants.

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

### (s) IFRS 16 Leases

At the inception of a contract, the Company assess whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) *The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;*
- (ii) *The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and*
- (iii) *The Company has the right to direct the use of the asset.*

The right-of-use (“ROU”) asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end-of-the-useful-life or the lease term, whichever comes earlier. The Company use either the straight-line or units-of-production method, depending on which method more accurately reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments.

Future lease payments can arise from a change in an index or borrowing rate, if there is a change in the Company's estimate of the expected payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded to the statement of loss if the carrying amount of the ROU asset has been reduced to zero.

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## 4. PLAN OF ARRANGEMENT

On June 9, 2020, the Company entered into a friendly merger of equals transaction with Renaissance, a company listed on the Exchange under the symbol REN. The transaction was completed through a Plan of Arrangement (the "Arrangement") on August 18, 2020, whereby the Company acquired Renaissance. Renaissance shareholders exchanged all issued and outstanding common shares, options and warrants at a ratio of one (1) common share, option, or warrant for 1.2448 (the "Exchange Ratio") common shares, options or warrants of the Company. As a result, the Company issued 86,808,513 common shares with a total fair value of \$42,874,725 or \$0.49 per share. In addition, the Company issued 6,486,152 replacement stock options and 23,302,059 replacement warrants.

The total consideration for acquiring a 100% interest in Renaissance was \$45,834,963. For accounting purposes, the acquisition has been recoded as an asset acquisition as Renaissance did not meet the definition of a business, as defined in IFRS 3 *Business Combination*. Accordingly, the Company applied the principles of IFRS 6 *Exploration for Evaluation of Mineral Resources* in accounting for the acquisition. The identifiable assets and liabilities of Renaissance as of August 18, 2020 were as follows:

|  |                      |
|--|----------------------|
| <b>Assets Acquired</b>                   |                      |
| Cash and cash equivalents                | \$ 4,714,526         |
| Marketable securities                    | 9,382                |
| Amounts receivable                       | 30,815               |
| Prepaid expenses and deposits            | 25,284               |
| Equipment                                | 40,658               |
| Reclamation bond                         | 28,322               |
| Right of use assets                      | 205,079              |
|  | <hr/>                |
|  | 5,054,066            |
| <b>Liabilities Assumed</b>               |                      |
| Accounts payable and accrued liabilities | (320,515)            |
| Current operating lease liabilities      | (102,721)            |
| Joint venture partner deposits           | (80,105)             |
| Long term operating lease liabilities    | (105,585)            |
|  | <hr/>                |
|  | (608,926)            |
| <b>Net Assets Acquired</b>               | <b>\$ 4,445,140</b>  |
| <b>Consideration</b>                     |                      |
| Orogen shares issued (86,808,513)        | 42,874,725           |
| Orogen options issued (6,486,152)        | 471,606              |
| Orogen warrants issued (23,283,387)      | 2,486,589            |
| Orogen finders' warrants issued (18,672) | 2,043                |
|  | <hr/>                |
| <b>Total Equity Consideration</b>        | <b>\$ 45,834,963</b> |
| Transaction cost                         | 311,182              |
| <b>Total Cost of Acquisition</b>         | <b>46,146,145</b>    |
|  | <hr/>                |
| <b>Net Acquisition Cost</b>              | <b>\$ 41,701,005</b> |

# **OROGEN ROYALTIES INC.**

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## **4. PLAN OF ARRANGEMENT (CONTINUED)**

For the year ended December 31, 2020, the Company recorded a fair value adjustment of \$41,701,005 in recognition of the Arrangement. The fair value adjustment relates to the value of mineral properties and given the Company's accounting policy is to expense acquisition costs, the adjustment is recorded in the statement of loss and comprehensive loss.

## **5. CAPITAL MANAGEMENT**

The capital structure of the Company consists of equity attributable to common shareholders comprising share capital, contributed surplus and accumulated deficit. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and enable it to provide shareholder returns and benefits for all stakeholders in the development of its mineral property interests. These objectives remain unchanged from previous years.

The Company manages and adjusts its capital structure in response to changes in the risk characteristics of its underlying assets and/or changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares or other equity instruments. The Company is not subject to externally imposed capital requirements.

## **6. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

Cash and cash equivalents include \$1,867,101 (2019 - \$796,972) in the operating bank accounts and \$1,750,002 (2019 - \$2,750,000) of short term guaranteed investment certificates ("GICs") that are cashable within six months. As of December 31, 2020, \$592,029 cash and cash equivalents were restricted for exploration expenditures (2019 - \$91,358).

Short-term investments include \$7,166,726 (2019 - \$6,058,805) of GICs with maturities ranging from six to twelve months earning interest from 1.00% to 1.60% (2019 - 2.05% to 2.25%).

## **7. MARKETABLE SECURITIES**

The Company received 1,000,000 common shares of Harvest Gold Corporation ("Harvest") upon signing of the Cerro Cascarón option agreement on June 7, 2017 (Note 11). During 2019, the shares were consolidated on 10:1 basis resulting in the Company owning 100,000 common shares.



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### 7. MARKETABLE SECURITIES (CONTINUED)

In 2019, the Company received 1,000,000 common shares of Golden Ridge Resources Ltd. ("Golden Ridge") upon signing of the Ball Creek option agreement. The Company retained 600,000 shares after transferring 400,000 common shares to Ascent Industries Corp., now LUFF Enterprises Ltd. ("LUFF"). During the year ended December 31, 2020, the Company sold the balance of these shares after they were consolidated on a 5:1 basis. The Company also received 149,573 common shares with a fair market value of \$35,000 representing 70% of the 1<sup>st</sup> year's option payment in connection with the Ball Creek option agreement. The balance was issued directly to LUFF by Golden Ridge (Note 11).

Subsequent to the year ended, the Company returned 149,573 common shares to Golden Ridge upon the cancellation of the Ball Creek option agreement.

The Company received 67,014 common shares of Magna Terra Minerals in connection with the Arrangement on August 18, 2020 (Note 4).

|  |           |               |
|--|-----------|---------------|
| Fair value as at December 31, 2018         | \$        | 55,000        |
| Shares received from Golden Ridge          |           | 96,000        |
| Fair value adjustment                      |           | (108,000)     |
| Fair value as at December 31, 2019         | \$        | 43,000        |
| Shares acquired through the Arrangement    |           | 9,382         |
| Shares sold                                |           | (24,000)      |
| Shares received from Golden Ridge          |           | 35,000        |
| Fair value adjustment                      |           | (9,718)       |
| <b>Fair value as at December, 31, 2020</b> | <b>\$</b> | <b>53,664</b> |

### 8. AMOUNTS RECEIVABLE

Amounts receivable is comprised of the following:

|                         | December 31, 2020 | December 31, 2019 |
|-------------------------|-------------------|-------------------|
| Trade receivables       | \$ 98,854         | \$ -              |
| Other receivables       | -                 | 43,395            |
| Current tax receivables | 300,073           | 303,156           |
|                         | <b>\$ 398,927</b> | <b>\$ 346,551</b> |

All receivables are current (less than 30 days) except for the current tax receivable of which \$280,594 (2019 - \$207,000) is between 90 to 180 days. No allowance for doubtful accounts or impairment has been recognized for these amounts, as the amounts are all considered recoverable.

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### 9. PROPERTY, PLANT AND EQUIPMENT

| Cost                                       | Computer<br>Equipment<br>and<br>Software | Field<br>Equipment  | Leasehold<br>Improvements | Mobile<br>Equipment | Office<br>Equipment<br>and<br>Furniture | Right of<br>Use Assets | Total               |
|--|--|---------------------|---------------------------|---------------------|---|------------------------|---------------------|
| Balance as at<br>December 31, 2018         | \$ 256,851                               | \$ 25,673           | \$ 16,995                 | \$ 29,668           | \$ 31,618                               | \$ -                   | \$ 360,805          |
| Acquisitions<br>(Dispositions)             | 64,771                                   | 644                 | -                         | -                   | 357                                     | 254,747                | 320,519             |
| Balance as at<br>December 31, 2019         | \$ 321,622                               | \$ 26,317           | \$ 16,995                 | \$ 29,668           | \$ 31,975                               | \$ 254,747             | \$ 681,324          |
| Acquisitions<br>(Dispositions)             | 87,165                                   | 104,115             | -                         | 3,716               | 71,783                                  | 317,960                | 584,739             |
| <b>Balance as at<br/>December 31, 2020</b> | <b>\$ 408,787</b>                        | <b>\$ 130,432</b>   | <b>\$ 16,995</b>          | <b>\$ 33,384</b>    | <b>\$ 103,758</b>                       | <b>\$ 572,707</b>      | <b>\$ 1,266,063</b> |
| <b>Accumulated depreciation</b>            |  |                     |                           |                     |   |                        |                     |
| Balance as at<br>December 31, 2018         | \$ (173,613)                             | \$ (21,415)         | \$ (15,694)               | \$ (29,668)         | \$ (24,189)                             | \$ -                   | \$ (264,579)        |
| Depreciation                               | (106,720)                                | (2,534)             | (1,301)                   | -                   | (1,505)                                 | (66,844)               | (178,904)           |
| Balance as at<br>December 31, 2019         | \$ (280,333)                             | \$ (23,949)         | \$ (16,995)               | \$ (29,668)         | \$ (25,694)                             | \$ (66,844)            | \$ (443,483)        |
| Depreciation                               | (74,895)                                 | (95,907)            | -                         | 17,171              | (49,839)                                | (189,217)              | (392,687)           |
| <b>Balance as at<br/>December 31, 2020</b> | <b>\$ (355,228)</b>                      | <b>\$ (119,856)</b> | <b>\$ (16,995)</b>        | <b>\$ (12,497)</b>  | <b>\$ (75,533)</b>                      | <b>\$ (256,061)</b>    | <b>\$ (836,170)</b> |
| <b>Carrying amounts</b>                    |  |                     |                           |                     |   |                        |                     |
| December 31, 2019                          | \$ 41,289                                | \$ 2,368            | \$ -                      | \$ -                | \$ 6,281                                | \$ 187,903             | \$ 237,841          |
| <b>December 31, 2020</b>                   | <b>\$ 53,559</b>                         | <b>\$ 10,576</b>    | <b>\$ -</b>               | <b>\$ 20,887</b>    | <b>\$ 28,225</b>                        | <b>\$ 316,646</b>      | <b>\$ 429,893</b>   |

During the year ended December 31, 2020, the Company recognized additions of \$584,739 (2019 - \$320,519) in property, plant and equipment, of which \$77,583 (2019 - \$65,772) was acquired through operations and \$507,156 was the original book value of assets acquired in connection with the Arrangement (Note 4). The Company also recognized depreciation expense of \$392,687, of which \$168,047 was recognized through operations and \$224,640 was the beginning depreciation value of assets acquired in connection with the Arrangement.

Method of depreciation is described in Note 3(k).

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### 10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease agreements which qualifies for reporting under IFRS 16 *Leases*. The continuity of the ROU assets and lease liabilities for the year ended December 31, 2020 is as follows:

#### Right of Use Assets

|  |           |                |
|--|-----------|----------------|
| Value of right of use assets, January 1, 2019          | \$        | 107,300        |
| Addition   |           | 147,447        |
| Depreciation   |           | (66,844)       |
| Value of right of use assets, December 31, 2019        |           | 187,903        |
| Addition   |           | 317,960        |
| Depreciation   |           | (189,217)      |
| <b>Value of Right of Use Assets, December 31, 2020</b> | <b>\$</b> | <b>316,646</b> |

#### Lease Liabilities

|   |           |                |
|---|-----------|----------------|
| Lease liabilities, January 1, 2019          | \$        | 93,302         |
| Addition                                    |           | 147,447        |
| Lease payments                              |           | (59,237)       |
| Lease liabilities, December 31, 2019        |           | 181,512        |
| Beginning balance adjustment                |           | 23,634         |
| Addition                                    |           | 221,450        |
| Lease payments                              |           | (93,461)       |
| <b>Lease Liabilities, December 31, 2020</b> | <b>\$</b> | <b>333,135</b> |

| Lease Liabilities | December 31, 2020 | December 31, 2019 |
|-------------------|-------------------|-------------------|
| Current portion   | \$ 155,317        | \$ 58,331         |
| Long-term portion | 177,818           | 123,181           |
|                   | <b>\$ 333,135</b> | <b>\$ 181,512</b> |

### 11. MINERAL PROPERTY INTERESTS

Exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. Many of the Company's mineral property interests are located outside of Canada and are subject to the risks associated with foreign investment, including increases in taxes and royalties, renegotiations of contracts, currency exchange fluctuations and political uncertainty. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements. These risks are not unique to foreign jurisdictions and apply equally to the Company's property interests in Canada.

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

### Mexico Portfolio

- I. **Ermitaño:** the Ermitaño is located in the northeast of Hermosillo.

*Sale Agreement:* In September 2018, the Company transferred 100% of its interest in the property to First Majestic Silver Corp. ("First Majestic") for US\$1,000,000 subject to a 2.0% net smelter return ("NSR") royalty.

- II. **Cumobabi:** the Cumobabi project is in the located northeast of Hermosillo.

- (a) *Acquisition Agreement:* Pursuant to the Cumobabi acquisition agreement (as amended) with Kiska Metals Corporation, now Centerra Gold Inc. ("Centerra"), the Company issued 25,000 (fair valued \$32,250) and 50,000 (fair valued \$18,750) common shares on September 17, 2018 and 2019, respectively. In the event the property is put into commercial production (in which case it is acknowledged that the Company will receive an NSR royalty in accordance with the terms of the First Majestic option agreement), the Company will pay to Centerra one-third (1/3) of all amounts received under the NSR royalty commencing on the second anniversary of commercial production (as defined pursuant to the terms of the agreement governing the NSR royalty).

On May 23, 2018, Centerra transferred the NSR royalty rights to 10782343 Canada Limited/ Triple Flag.

- (b) *Sale Agreement:* In September 2018, First Majestic acquired 100% interest in the Cumobabi project for US\$500,000 subject to a 1.5% NSR royalty.

- III. **Cerro Cascaron:** the Cerro Cascaron project is in Chihuahua, Mexico. The project covers a historic colonial-era mining district that contains numerous gold and gold-silver prospects. The core claims contain a large portion of the Serpiente Dorada zone, which was staked by the Company in late 2015. The Company entered into an option agreement with third parties to acquire three additional surrounding claims on July 19, 2016.

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

- (a) *Acquisition Agreement:* the Company entered into an acquisition agreement with third parties on July 19, 2016 to acquire 100% ownership interest in the San Miguel claims. Total consideration was MXP3,220,000 to be paid per the following schedule:

|   | Cash payments<br>(MXP) | Paid (MXP)     | Status  |
|---|------------------------|----------------|---|
| Signing                                     | 50,000                 | 50,000         | <i>Paid- 2016</i>   |
| July 19, 2017 (1 <sup>st</sup> anniversary) | 150,000                | 150,000        | <i>Paid- 2017</i>   |
| July 19, 2018 (2 <sup>nd</sup> anniversary) | 20,000                 | 20,000         | <i>Paid- 2018</i>   |
| July 19, 2019 (3 <sup>rd</sup> anniversary) | 250,000                | 250,000        | <i>Paid- 2019</i>   |
| July 19, 2020 (4 <sup>th</sup> anniversary) | 2,750,000              | Nil            | <i>Option agreement<br/>terminated on<br/>December 19, 2020</i> |
| <b>Total</b>                                | <b>3,220,000</b>       | <b>470,000</b> |   |

The optionor will hold a 2.0% NSR royalty and the Company has a buyback right to acquire 1.0% of the NSR royalty by paying US\$2.5 million.

On December 19, 2020, the Company terminated the agreement without completing the last option payment and relinquished the option to acquire ownership of the San Miguel claims. All financial obligations have also been terminated.

- (b) *Option Agreement:* on June 7, 2017, the Company entered into an option agreement with Harvest Gold Corp. ("Harvest") whereby Harvest can earn up to an 80% interest in the Cerro Cascaron property by incurring \$16.0 million in exploration expenditures, paying \$2.1 million in cash, issuing 2,000,000 common shares (one million shares were received in 2017) and funding a National Instrument 43-101 ("NI 43-101") compliant Feasibility Study over a nine-year period.

In April 2018, the completion date to fulfill the first year's obligation was extended to December 31, 2018 for a fee of \$30,000.

During the year ended December 31, 2019, the agreement was further amended to extend the first years' obligation and allow both parties to renegotiate the terms of the agreement.

The agreement was terminated on January 7, 2020.

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

- IV. **Sarape:** In August 2017, the Company announced the acquisition of the Sarape gold-silver project in central Sonora, Mexico. Sarape was identified through the Company's generative programs with reconnaissance exploration completed in early 2017. The project is 100% owned by the Company with no underlying royalties and is located near infrastructure with roads and power crossing the property.

*Option Agreement:* On August 25, 2020, the Company optioned the Sarape project to Hochschild Mining PLC ("Hochschild"). Hochschild can earn a 100% interest in the project by making staged cash payments of US\$5.35 million and incurring exploration expenditures of US\$5.0 million over a five-year period per the following schedule:

|   | Cash payment (US\$) | Status          | Minimum cumulative work expenditure (US\$) | Status |
|---|---------------------|-----------------|--|--------|
| August 25, 2020                               | \$50,000            | <i>Received</i> | -  |        |
| August 25, 2021 (1 <sup>st</sup> anniversary) | \$50,000            |                 | -  |        |
| February 25, 2022 (18 months)                 | -                   |                 | \$500,000                                  |        |
| August 25, 2022 (2 <sup>nd</sup> anniversary) | \$50,000            |                 | -  |        |
| August 25, 2023 (3 <sup>rd</sup> anniversary) | \$100,000           |                 | \$2,000,000                                |        |
| August 25, 2024 (4 <sup>th</sup> anniversary) | \$100,000           |                 | \$3,000,000                                |        |
| August 25, 2025 (5 <sup>th</sup> anniversary) | \$5,000,000         |                 | \$5,000,000                                |        |
| <b>Total</b>                                  | <b>\$5,350,000</b>  |                 |  |        |

Upon earn in, the Company will retain a 3.0% NSR royalty of which 1.0% can be repurchased for US\$2.0 million.

### V. La Lola

- (a) *Acquisition Agreement:* On March 25, 2019, the Company entered into an agreement with a group of third parties to purchase 100% of the La Lola property by making a total cash payment of US\$100,000 per the following schedule:

|  | Cash payment (US\$) | Status                               |
|--|---------------------|--------------------------------------|
| Signing                                      | \$25,000            | <i>Paid</i>                          |
| March 25, 2020 (1 <sup>st</sup> anniversary) | \$25,000            | <i>Paid</i>                          |
| March 25, 2021 (2 <sup>nd</sup> anniversary) | \$25,000            | <i>Project sold on July 24, 2020</i> |
| March 25, 2022 (3 <sup>rd</sup> anniversary) | \$25,000            | <i>Project sold on July 24, 2020</i> |
| <b>Total</b>                                 | <b>\$100,000</b>    |                                      |

The optionor holds 1.0% NSR royalty. The Company or any other third party it elects shall have a buyback right of the 1.0% NSR royalty by paying US\$500,000.

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

- (b) *Sale Agreement:* On July 24, 2020, the Company sold the project to Heoliodor Metals S.A. DE C.V., a private company, for US\$12,500. The Company retains a 2.0% NSR royalty, of which 1.0% may be repurchased for US\$1.75 million.

- VI. **Suanse:** the Suanse property is north of the Company's porphyry target on the Llano del Nogal project.

*Acquisition Agreement:* On November 21, 2019, the Company entered into an agreement with San Marco Resources Inc. ("San Marco") to acquire 100% interest in Suanse project for US\$75,000 per the following schedule:

|   | Cash payment (US\$) | Status      |
|---|---------------------|-------------|
| Signing                                 | \$25,000            | <i>Paid</i> |
| Completion of 1,000 metres of drilling  | \$25,000            |             |
| Entering into a future option agreement | \$25,000            |             |
| <b>Total</b>                            | <b>\$75,000</b>     |             |

San Marco holds a 1% NSR royalty and the Company has a buyback right to acquire the 1.0% NSR royalty by paying \$1.0 million.

## VII. Llano del Nogal

*Alliance Agreement:* On December 18, 2012, the Company signed an agreement with Altius Minerals Corp. ("Altius") for a four-year, \$1.5 million, regional exploration alliance. Altius has the right of first offer on the sale of any alliance Project royalties owned by the Company.

Pursuant to the alliance agreement with Altius, encumbrances on the Llano del Nogal project include:

- Llano del Nogal Claims- 1.0% NSR royalty on base metals and 1.5% NSR royalty on precious metals payable to Altius; and
- Coyotes Claims- 1.5% NSR royalty payable to Altius and the 1.5% NSR royalty can be repurchased for US\$1.5 million.

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

### Canada Portfolio

I. **Ball Creek:** the property is in northwest British Columbia.

(a) *Acquisition Agreement:* On April 20, 2015, the Company acquired a 100% interest in the Ball Creek property from LUFF Enterprises Ltd. (formerly Ascent Industries Corp. and Paget Minerals Corp.) Preexisting encumbrances payable to Sandstorm Gold Royalties (“Sandstorm”) include:

- 2.0% NSR royalty payable to Sandstorm and the Company has an option to repurchase 1.0% of the NSR royalty for \$1.0 million;
- \$1.0 million payable to Sandstorm upon announcement of a measured or indicated mineral resource estimate (NI 43-101 compliant) of at least 1.0 million oz gold equivalent resource; and
- \$3.0 million payable to Sandstorm on a positive NI 43-101 compliant Feasibility Study.

To earn a 100% interest, the Company is required to make the following payments:

- \$150,000 upon closing of the agreement (paid);
- If the Company enters into an option agreement whereby the Company would receive payments related to the property at any time within the four years following the date of the agreement, the Company will be required to pay additional consideration of 40% of payments received during the first year, 30% of payments received during the second year, 20% of payments received during the third year and 10% of payments received during the fourth year; and
- Milestone share payments (or cash equivalent at the Company’s election) of:

|   | Share or cash equivalent payments | Status                                  |
|---|-----------------------------------|---|
| Signing   | 100,000                           | Issued- 2017                            |
| Completion of 10,000 metres of drilling   | 250,000                           | Agreement terminated- December 12, 2020 |
| Announcement of M&I Resource Estimate of at least 500 million tonnes at grade of at least 0.50% copper equivalent | 400,000                           | -                                       |
| Completion of a NI 43-101 Feasibility Study   | 500,000                           | -                                       |
| <b>Total Shares</b>   | <b>1,250,000</b>                  |   |



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### 11. MINERAL PROPERTY INTERESTS (CONTINUED)

Both the Company and LUFF are each entitled to 50% of the existing bond in place, with the Company's share being \$20,000 (2019 - \$20,000).

On December 12, 2020, the Company terminated the agreement with LUFF and paid \$20,000 in consideration to acquire 100% interest in Ball Creek. The Company has no further obligation to LUFF and retains 100% interest in the Ball Creek property.

- (b) *Option Agreement:* on July 9, 2019, the Company entered into an option agreement with Golden Ridge Resources Ltd. ("Golden Ridge") on the Ball creek project. Golden Ridge can earn an 80% interest in the Ball Creek project by issuing 1,000,000 Golden Ridge shares, making cash or cash equivalent share payments of up to \$300,000, additional cash payments of up to \$4.25 million, making a production decision supported by an NI 43-101 compliant Feasibility Study and providing evidence of project financing that is mutually acceptable to both parties in accordance with the Feasibility Study. The Company retains the right to purchase 1.0% of a pre-existing 2.0% NSR royalty for \$1.0 million.

The following is the payment schedule per the option agreement:

|   | Cash or cash equivalent share payments                     | Status                          |
|---|--|---------------------------------|
| Five business day from TSX Approval                                   | 1,000,000 (shares)   | Received                        |
| July 9, 2020- 2025 (1 <sup>st</sup> to 6 <sup>th</sup> anniversary)   | \$50,000 cash or cash equivalent share payment/anniversary | 149,573 Common Shares Received. |
| July 9, 2026-2029 (7 <sup>th</sup> to 10 <sup>th</sup> anniversary)   | \$125,000 cash /anniversary                                | -                               |
| July 9, 2030- 2034 (11 <sup>th</sup> to 15 <sup>th</sup> anniversary) | \$250,000 cash /anniversary                                | -                               |
| July 9, 2035- 2039 (16 <sup>th</sup> to 20 <sup>th</sup> anniversary) | \$500,000 cash /anniversary                                | -                               |

A portion of the first four years' share and cash payments will be subject to the purchase agreement with LUFF. The Company received 1,000,000 Golden Ridge shares of which 400,000 were transferred to LUFF.

On February 8, 2021, the Company and Golden Ridge terminated the option agreement. The Company paid a consideration of \$15,000 and returned 149,573 Golden Ridge shares to Golden Ridge.

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### 11. MINERAL PROPERTY INTERESTS (CONTINUED)

II. **Axe:** the property is in south-central British Columbia.

*Acquisition Agreement:* On December 6, 2016, the Company acquired a 100% interest in the Axe property from Nova Mentis Life Science Corp. ("Nova") (formerly Liberty Leaf Holdings Ltd.) and Bearclaw Capital Corp. ("Bearclaw"), subject to:

- 1.0% NSR royalty covering 21 claims and the Company has an option to repurchase the 1.0% NSR royalty for \$1.5 million; and
- 2% NSR royalty on four separate claims and the Company has an option to repurchase 1.0% of the NSR royalty \$1.0 million and the remaining 1.0% NSR royalty for \$2 million.

To earn a 100% interest, the Company is required to make the following payments:

- \$30,000 (\$21,000 to Nova and \$9,000 to Bearclaw) upon closing of the agreement (paid); and
- Share or cash equivalent payments at the Company's selection according to the following milestones:

|  | Share or cash equivalent payments | Status |
|--|-----------------------------------|--------|
| Upon entering into a future option agreement   | 75,000                            | Issued |
| Upon entering into a future agreement to drill 5,000 metres  | 75,000                            |        |
| Upon announcement of a measured or indicated mineral resource estimate (NI 43-101 compliant) of at least 500 million tonnes at a grade of at least 0.40% copper equivalent | 200,000                           |        |
| Completion of a NI 43-101 compliant Feasibility Study  | 250,000                           |        |
| <b>Total Shares</b>  | <b>600,000</b>                    |        |

As at December 31, 2020, the Company has placed a reclamation bond in the amount of \$30,000 (2019 - \$30,000).

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### 11. MINERAL PROPERTY INTERESTS (CONTINUED)

III. **Lemon Lake:** is a copper-gold project located in south-central British Columbia.

- (a) *Acquisition Agreement:* On October 4, 2018, the Company acquired a 100% interest in the Lemon Lake property from Metalogic Exploration Inc. The agreement was subsequently amended on February 17, 2021. To earn a 100% interest, the Company is required to make cash or share equivalent payments according to the following milestones:

|   | <b>October 4,<br/>2018<br/>Agreement-<br/>cash or share<br/>equivalent<br/>payments</b> | <b>February 17,<br/>2021,<br/>Amendment-<br/>cash or share<br/>equivalent<br/>payments</b> | <b>Status</b> |
|---|---|--|---------------|
| Closing of agreement  | \$15,000  | \$15,000   | <i>Paid</i>   |
| Upon entering into a Future Option Agreement  | \$25,000  | -  |               |
| February 18, 2022- On the 1 <sup>st</sup> anniversary of the Acme option agreement  | -   | \$7,500  |               |
| February 18, 2023- On the 2 <sup>nd</sup> anniversary of the Acme option agreement  | -   | \$17,500   |               |
| Upon entering into an agreement to drill 10,000 metres  | \$25,000  | \$25,000   |               |
| Upon announcement of a M&I or inferred (NI 43-101 compliant) mineral resource estimate of at least 200,000,000 tons at a grade of at least 0.50% Copper Equivalent. | \$150,000   | \$150,000  |               |
| Upon decision to bring the property into commercial production  | \$500,000   | \$500,00   |               |
| <b>Total</b>  | <b>\$715,000</b>  | <b>\$715,000</b>   |               |

The Company has placed a reclamation bond of \$75,000 (2019 - \$75,000) for the property.

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### 11. MINERAL PROPERTY INTERESTS (CONTINUED)

- (b) *Option Agreement:* On February 18, 2021, the Company entered into an agreement with Acme Company Limited (“Acme”), a private British Columbia based company to option the Lemon Lake property. Acme can acquire a 100% interest in the Lemon Lake by making cash payments of \$575,000 and work expenditures of \$3.0 million over a five-year period according to the following schedule and granting a 1.0% NSR royalty to the Company:

|  | Option payments  | Status | Minimum work expenditure | Status | Milestone payments | Status |
|--|------------------|--------|--------------------------|--------|--------------------|--------|
| On or before February 18, 2022 (1 <sup>st</sup> anniversary)   | -                |        | \$75,000                 |        | \$7,500            |        |
| February 18, 2023 (2 <sup>nd</sup> anniversary)  | \$10,000         |        | \$75,000                 |        | \$17,500           |        |
| February 18, 2024 (3 <sup>rd</sup> anniversary)  | \$65,000         |        | \$350,000                |        | -                  |        |
| February 18, 2025 (4 <sup>th</sup> anniversary)  | \$100,000        |        | \$1,000,000              |        | -                  |        |
| February 18, 2025 (5 <sup>th</sup> anniversary)  | \$400,000        |        | \$1,500,000              |        | -                  |        |
| Upon the completion of an aggregate of 10,000 metres of drilling as part of Mining Work  | -                |        | -                        |        | \$25,000           |        |
| Upon the announcement of a measured or indicated mineral resource estimate of at least 200,000,000 tons at a grade of at least 0.50% Copper Equivalent | -                |        | -                        |        | \$150,000          |        |
| Upon the Optionee’s decision to bring a mine on the Property into commercial production.   | -                |        | -                        |        | \$500,000          |        |
| <b>Total</b>   | <b>\$575,000</b> |        | <b>\$3,000,000</b>       |        | <b>\$700,000</b>   |        |

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

- IV. **TREK 31:** On February 18, 2020, the Company announced its ownership of the TREK 31 property which covers a Blackwater-Davidson like intermediate sulfidation target in the Nechako Plateau of British Columbia. The property was staked in 2018 covering one of the largest and strongest geochemical anomalies identified by Geoscience BC's TREK initiative.

*Option Agreement:* On October 13, 2020, the Company entered into an option agreement with Pacific Imperial Mines Inc. ("Pacific Imperial") whereby Pacific Imperial can earn up to a 100% interest in the project by making cash payments totaling US\$1.3 million and incurring \$3.0 million in exploration expenditures over a five-year period. The Company will retain a 3.0% NSR royalty on the TREK 31 claims of which 1.0% can be repurchased for \$3.0 million.

|  | Option payments (US\$) | Status | Minimum aggregate work expenditure | Status |
|--|------------------------|--------|------------------------------------|--------|
| April 13, 2021 (6 months from Effective Date)  | \$20,000               |        | -                                  |        |
| October 13, 2021 (1 <sup>st</sup> anniversary) | \$30,000               |        | \$300,000                          |        |
| October 13, 2022 (2 <sup>nd</sup> anniversary) | \$50,000               |        | \$1,000,000                        |        |
| October 13, 2023 (3 <sup>rd</sup> anniversary) | \$100,000              |        | \$1,500,000                        |        |
| October 13, 2024 (4 <sup>th</sup> anniversary) | \$100,000              |        | \$2,000,000                        |        |
| October 13, 2025 (5 <sup>th</sup> anniversary) | \$1,000,000            |        | \$3,000,000                        |        |
| <b>Total</b>                                   | <b>\$1,300,000</b>     |        |                                    |        |

- V. **Newmont Alliance:** On July 10, 2017, the Company signed an agreement for a two-year exploration alliance with Newmont Mining Corporation ("Newmont"). The alliance focused on generating greenfield exploration opportunities in terranes favorable for world-class gold orebodies. The Company and Newmont would co-fund the US\$1,840,000 exploration program through a respective 30:70 allocation.

At the end of the two-year alliance period, Newmont had the right to designate one or more projects for option by making certain cash payments to the Company and funding exploration on the project(s) for up to ten years, or until such time as it has defined an NI 43-101 compliant Pre-Feasibility Study on a minimum two-million-ounce gold resource. Newmont would then have increased its ownership in the designated project to 80%.

The Company and Newmont will then form a joint venture on a respective 20:80 basis whereby the Company can maintain its equity interest in the project or elect to have Newmont fund a positive NI 43-101 compliant Feasibility Study and reduce the Company's equity interest to 15%. At any point after the alliance period, the Company may elect to convert its equity interest in any project to a 2.0% NSR royalty of which 0.5% NSR royalty can be purchased for up to US\$10.0 million.

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

On April 10, 2020, the Company and Newmont have both agreed to terminate the alliance agreement. As at termination date, the Company received \$822,144 in exploration expenditure advances from Newmont of which \$nil was outstanding as of December 31, 2020 (2019 - \$nil).

- **Astro Project:** On March 6, 2019, the Company announced the designation of the Astro project for option from the Newmont alliance. The 250-square-kilometre Astro project is located six kilometres north of the Mile 222 airstrip and 195 kilometres northeast of Ross River along the Canol Road in the Northwest Territories, providing seasonal road access to the southern boundary of the property.

The Company received the option payment of US\$200,000 from Newmont due upon assignment in April 2019. The option agreement was terminated on April 10, 2020. As at termination date, the Company received \$1,607,760 for the 2019 exploration program of which \$nil (2019 - \$91,358) was outstanding as of December 31, 2020.

The Company has placed a reclamation bond of \$40,834 (2019 - \$40,834) for the property. Newmont retained a 2.0% NSR royalty on all minerals produced from the project of which 0.5% NSR royalty can be purchased for up to US\$10.0 million.

### United States Portfolio

- I. **Silicon:** The Silicon project is located in Bare Mountain mining district, Nye County, Nevada.
  - (a) **Acquisition Agreement:** On February 20, 2015, the Company entered into a royalty agreement with Altius (formerly Callinan Royalties Corporation) whereby the Company retained 100% ownership of the Silicon property, discovered through an alliance between the Company and Altius pursuant to an October 22, 2013 alliance agreement, for a 1.5% NSR royalty payable to Altius.
  - (b) **Sale Agreement:** On May 1, 2017, the Company entered into an option agreement with AngloGold Ashanti NA ("AngloGold") whereby AngloGold may acquire 100% interest in the Silicon project by making aggregate payments of US\$3.0 million over three years. In addition, the 1.5% royalty obligation payable to Altius was transferred to AngloGold. The Company also retains a 1.0% NSR royalty on future production from the project. On June 3, 2020, AngloGold exercised its option to acquire 100% of the project by making the final payment of US\$2.4 million.

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

- II. **Yamana Alliance:** On October 19, 2018, the Company signed a three-year exploration alliance with a subsidiary of Yamana Gold Inc. ("Yamana"). The alliance allows the Company royalty free access to Yamana's dataset in the western United States for gold and base metal project generation.

During the alliance period, the Company will compile a fully digital and comprehensive dataset to generate new targets and ideas within the designated area. Should the Company acquire a project within the designated area, Yamana will have the exclusive right for 60 days to enter into an option agreement to earn a 75% interest on terms as follows:

- Within the first two years, Yamana will fund (at least) US\$1,000,000 for initial exploration expenditures, including any acquisition or land staking costs;
  - Solely fund additional exploration expenditures between years 3 and 10, or until such time as Yamana has defined a NI 43-101 compliant Pre-Feasibility Study on a minimum one million ounce gold equivalent resource;
  - Make a cash payment of US\$150,000 upon signing the option agreement and additional payments of US\$100,000 on the first, second and third anniversaries;
  - Upon Yamana earning its interest and the formation of a joint venture, Yamana and the Company will jointly fund programs on a respective 75%/25% basis;
  - Should the Company's interest in a project fall below 10%, its interest will convert to a 2.5% NSR royalty of which 1.25% NSR royalty can be purchased by Yamana prior to production for US\$5.0 million; and
  - The Company will be operator during the first US\$10.0 million of exploration expenditures. The option period is independent of the alliance period and may extend beyond the three-year term. At the end of the alliance, both parties will retain a copy of the digital database.
- III. **Jupiter:** The Jupiter project is located in Nye County, Nevada. The Company holds 100% interest in the project subject to a 1.0% NSR royalty to Altius.

*Option Agreement.* On November 30, 2017, the Company entered into an earn-in agreement with Ramelius Resources Ltd. ("Ramelius"), whereby Ramelius can earn a 75% interest in the project by:

- making a cash payment of US\$25,000 upon signing the agreement (received); and

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

- funding a total of US\$3.0 million in exploration expenditures over a five-year period. If a production decision is made in respect of the project, the Company must either contribute to ongoing joint venture expenditures in proportion to its ownership interest, dilute to a royalty interest, or allow Ramelius to provide project financing for the Company, whereby Ramelius may increase its project interest to 80%.

On March 3, 2021, both the Company and Ramelius terminated the agreement.

IV. **Maggie Creek:** The Maggie Creek project is located in Eureka County, Nevada.

- (a) *Acquisition Agreement:* On August 20, 2015 the Company acquired the Maggie Creek project from Wolfpack Gold (Nevada) Corporation (“Wolfpack”) in exchange for a 1.0% NSR royalty that can be bought down for US\$1.5 million, or fractions thereof at the pro-rata cost, at any time during the term of the agreement. In addition, a 2.0% NSR royalty is payable to EMX Royalty Corp. pursuant to a pre-existing deed of royalties.
- (b) *Option Agreement:* On February 15, 2019, the Company entered into an earn-in agreement with US Gold Corp. (formerly Orevada Metals Inc.) (“US Gold”) whereby US Gold can earn a 70% interest in the project. The agreement was subsequently amended on December 17, 2019 to postpone the First and Second Work Obligation to June 15, 2021.

To earn a 50% interest in the project, US Gold is to required to pay US\$17,034 for BLM fees when the agreement was signed (received) and incur US\$4.5 million in exploration expenditures by with the according to the following schedule:

|  | Cash payments (US\$) | Status   | Minimum aggregate work expenditure (US\$) | Status |
|--|----------------------|----------|---|--------|
| Effective Date   | \$32,034*            | Received | -   | -      |
| June 15, 2021 (1 <sup>st</sup> anniversary) “First Work Obligation”  | -                    |          | \$100,000                                 |        |
| June 15, 2021 (2 <sup>nd</sup> anniversary) “Second Work Obligation” | -                    |          | \$200,000                                 |        |
| February 15, 2022 (3 <sup>rd</sup> anniversary)                      | -                    |          | \$500,000                                 |        |
| February 15, 2023 (4 <sup>th</sup> anniversary)                      | -                    |          | \$700,000                                 |        |
| February 15, 2024 (5 <sup>th</sup> anniversary)                      | -                    |          | \$1,000,000                               |        |
| February 15, 2025 (6 <sup>th</sup> anniversary)                      | -                    |          | \$1,000,000                               |        |
| February 15, 2026 (7 <sup>th</sup> anniversary)                      | -                    |          | \$1,000,000                               |        |
| Completion of exploration minimum expenditure requirements           | \$250,000            |          |   |        |
| <b>Total</b>   | <b>\$282,034</b>     |          | <b>\$4,500,000</b>                        |        |

\*Includes \$15,000 for initial option payment and \$17,034 for reimbursement of claim fees.



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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

Upon completing the initial earn-in expenditures, US Gold shall vest its 50% interest by paying the Company US\$250,000, up to US\$125,000 of which may be paid in shares of US Gold, provided such shares are listed on Toronto Stock Exchange, TSX Venture Exchange or Canadian Stock Exchange (or their equivalent), at US Gold's sole election.

US Gold can earn an additional 20% interest in the project by producing a Feasibility Study.

V. **Spring Peak:** The Spring Peak project is located in Mineral County, Nevada.

(a) *Acquisition Agreement:* On January 20, 2012, as amended on September 5, 2013 and April 12, 2016, the Company entered into mineral lease and option to purchase agreements with Gregory J. Kuzma and Heidi A. Kuzma (the "Kuzma Lease"). The Company is required to make cash payments according to the following milestones:

|   | Cash payments (US\$)  | Status      |
|---|-----------------------|-------------|
| January 20, 2012 (Execution Date)                               | \$10,000              | <i>Paid</i> |
| January 20, 2013 (1 <sup>st</sup> anniversary)                  | \$10,000              | <i>Paid</i> |
| October 5, 2013 (30 days after Amendment Date)                  | \$12,500              | <i>Paid</i> |
| 30 day after Permit Date- December 13, 2019                     | \$20,000              | <i>Paid</i> |
| December 13, 2020- 1 <sup>st</sup> anniversary of Permit Date*  | \$30,000              | <i>Paid</i> |
| December 13, 2021- 2 <sup>nd</sup> anniversary of Permit Date*  | \$40,000              | -           |
| 3 <sup>rd</sup> -11 <sup>th</sup> anniversaries of drill permit | \$50,000/anniversary  | -           |
| 12th anniversary to termination                                 | \$60,000/ anniversary | -           |

\*The drill permit was received on December 13, 2019.

The Company has the option to purchase the Spring Peak project for US\$500,000 within one year following the completion of a technical report that documents a minimum 500,000-ounce gold equivalent inferred resource. The Kuzma Lease is subject to a 2.5% NSR royalty, of which 1.5% of the NSR royalty may be repurchased for US\$1.5 million.

(b) *Option Agreement:* On January 17, 2019, the Company entered into an earn-in agreement with OceanaGold (US) Inc. ("OceanaGold") whereby OceanaGold can earn a 51% interest in the project by making total cash payments of US\$215,000 and incur total exploration expenditures of US\$4.0 million according to the following schedule:

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

|   | Cash payments (US\$) | Status                                    | Minimum aggregate work expenditure (US\$) | Status                                    |
|---|----------------------|---|---|---|
| January 17, 2019 (Effective Date)                 | \$15,000             | Received                                  | -   | -   |
| January 17, 2020 (1 <sup>st</sup> anniversary)    | \$25,000             | Received                                  | \$150,000                                 | Agreement Terminated on February 10, 2021 |
| January 17, 2021 (2 <sup>nd</sup> anniversary)    | \$25,000             | Agreement terminated on February 10, 2021 | \$100,000                                 | Agreement terminated on February 10, 2021 |
| January 17, 2022 (3 <sup>rd</sup> anniversary)    | \$50,000             | -   | \$100,000                                 | -   |
| January 17, 2023 (4 <sup>th</sup> anniversary)    | \$50,000             | -   | \$100,000                                 | -   |
| January 17, 2024 (5 <sup>th</sup> anniversary)    | -                    | -   | \$100,000                                 | -   |
| Oceana earning and being transferred 51% interest | \$50,000             | -   | -   | -   |
| <b>Total</b>                                      | <b>\$215,000</b>     | -   |   | -   |

Upon signing of this agreement, OceanaGold shall apply to the U.S. Forest Service for a permit in OceanaGold's name (or its designated affiliate's name) to carry out drilling activities as described in the plan of operations ("Permit"). If the Permit is granted within the first agreement year, then Oceana shall expend such exploration and development expenditure that:

- aggregates to \$300,000 within the 12 months following the grant of the Permit; and
- aggregates to the minimum annual expenditure for that agreement year.

If the permit is not granted during the first agreement year, OceanaGold may choose to terminate this agreement at any time after having fulfilled the irrevocable obligation by giving written notice to terminate to the Company.

Once the 51% interest has been earned, OceanaGold may elect to exercise an option to earn an additional 24% interest by incurring US\$6.0 million in exploration and development expenditures according to the following schedule:

|   | Minimum annual expenditure (US\$) |
|---|-----------------------------------|
| 1 <sup>st</sup> anniversary of Option Exercise Date | \$500,000                         |
| 2 <sup>nd</sup> anniversary of Option Exercise Date | \$500,000                         |
| 3 <sup>rd</sup> anniversary of Option Exercise Date | \$500,000                         |
| 4 <sup>th</sup> anniversary of Option Exercise Date | \$500,000                         |

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

The Company became the operator for the drilling program in August 2020. The Company received \$416,061 or US\$326,764 in exploration expenditure advances from OceanGold during the year. As at December 31, 2020, \$416,061 (2019 - \$nil) was outstanding. On February 10, 2021, the option was terminated and outstanding cash advanced was refunded to OceanaGold.

VI. **Tabor (formerly Baby Doe):** the Company holds a 100% interest in the Baby Doe project, located in Esmeralda County, Nevada.

*Option Agreement:* On August 24, 2020, the Company entered into an earn-in agreement with Au-Reka Gold Corporation, a subsidiary of i-80 Gold Corp. (formerly Premier Gold Mines U.S.A.) ("I-80") whereby I-80 can earn up to a 100% of interest in the project as follows:

- an initial 55% interest can be earned by making US\$200,000 in cash payments and completing US\$5.0 million of exploration expenditures over a four-year period:

|   | Other payments (US\$) | Status   | Option payments (US\$) | Status   | Minimum aggregate work expenditure (US\$) | Status |
|---|-----------------------|----------|------------------------|----------|---|--------|
| August 24, 2020   | -                     |          | \$25,000               | Received | -   |        |
| 30 days before BLM Payment Due Date for 2020/2021 Baby Doe holdings cost  | \$46,972              | Received | -                      |          | -   |        |
| On or Before August 24, 2021 (1 <sup>st</sup> anniversary)  | -                     |          | -                      |          | \$100,000                                 |        |
| The later of i) August 24, 2021 or 2) the Permit Date   | -                     |          | \$25,000               |          | -   |        |
| 1 <sup>st</sup> anniversary of Permit Date*<br>If the two committed expenditure amounts are not met, the difference between the actual expenditures and the \$300,000 commitment will be paid in cash to the Company.                               | -                     |          | \$50,000               | -        | \$200,000                                 |        |
| Following the 1 <sup>st</sup> anniversary of the Permit Date, minimum annual Expenditures of at least an additional \$150,000 until the earliest of the following: (1) the fourth anniversary of the Permit Date; and (2) Expenditures in the total | -                     |          | -                      |          | -   |        |

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|  |   |                 |          |                  |           |  |
|--|---|-----------------|----------|------------------|-----------|--|
| aggregate amount of \$5,000,000.           |   |                 |          |                  |           |  |
| 2 <sup>nd</sup> anniversary of Permit Date | - |                 | \$50,000 |                  | \$150,000 |  |
| 3 <sup>rd</sup> anniversary of Permit Date | - |                 | \$50,000 |                  | \$150,000 |  |
| 4 <sup>th</sup> anniversary of Permit Date | - |                 |          |                  | \$150,000 |  |
| <b>Total</b>                               |   | <b>\$46,972</b> |          | <b>\$200,000</b> |           |  |

\*Permit Date means the date the United States Forest Service or Bureau of Land Management, as applicable, approves I-80's notice of intent to conduct exploration activities or exploration plan of operations pursuant to which I-80 is authorized to conduct exploration drilling on the Property.

- the remaining 45% interest can be earned by making a US\$300,000 payment and incurring US\$5.0 million in exploration expenditures:

|   | Cash Payments (US\$) | Minimum aggregate work expenditure (US\$) |
|---|----------------------|---|
| Bump-Up Option Notice   | \$300,000            |   |
| 4 <sup>th</sup> anniversary of Bump-Up Notice- Above and beyond those made as part of the Initial Earn-In Option Payments |                      | \$5,000,000                               |
| <b>Total</b>  | <b>\$300,000</b>     | <b>\$5,000,000</b>                        |

- a payment of US\$500,000 upon completion of the earn in.

I-80 will also assume all obligations on the adjoining Mustang Canyon property, including cash payments of US\$200,000 and a 2.0% NSR royalty to Ely Gold Royalties Inc ("Ely Gold").

I-80 has to make a further payment of US\$1.0 million upon making a commercial production decision and an additional cash payment equal to US\$7.50 per gold-equivalent ounce in resources and reserves, up to a maximum US\$10.0 million, within 90 days of such decision.

The Company will retain a 3.0% NSR royalty on the Tabor claims and a 1.0% NSR royalty on the Mustang claims. Half of the NSR royalty on all the claims can be repurchased by I-80 for US\$3.0 million.

### VII. Mustang Canyon

*Acquisition Agreement:* The Company entered into an option agreement with Nevada Select Royalty Inc., a wholly owned subsidiary of Ely Gold on June 24, 2020 to purchase 100% of 27 unpatented mining claims of the Mustang Canyon property whereby Ely Gold is the registered and beneficial owner. The total purchase price for the property is US\$200,000 with payments to be made according to the following milestones:

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

|  | Cash payments (US\$) | Status                                 |
|--|----------------------|--|
| On Signing of Agreement  | \$10,000             | <i>Paid</i>                            |
| Upon signing of a 3 <sup>rd</sup> party agreement related to the Mustang Canyon Project* | \$15,000             | <i>Paid</i>                            |
| 10 business days after Issuance of NS Claims Permit                                      | \$25,000             | <i>Obligation transferred to I-80*</i> |
| 1 <sup>st</sup> anniversary of NS Claims Permit  | \$25,000             | <i>Obligation transferred to I-80*</i> |
| 2 <sup>nd</sup> anniversary of NS Claims Permit  | \$50,000             | <i>Obligation transferred to I-80*</i> |
| 3 <sup>rd</sup> anniversary of NS Claims Permit  | \$75,000             | <i>Obligation transferred to I-80*</i> |
| <b>Total</b>   | <b>\$200,000</b>     |  |

\*Pursuant to the August 24, 2020 option agreement with I-80 on Tabor, I-80 has assumed all obligations on the Mustang Canyon property.

Ely Gold will retain a 2.0% NSR royalty on the Mustang Canyon Property after the option is exercised.

VIII. **Ecru:** the Company holds 100% interest in the Ecru property located in Nevada.

*Option Agreement:* On March 8, 2021, the company signed an option agreement with Moneghetti Minerals Limited (“Moneghetti”) to option the Ecru gold project located in Nevada. Moneghetti can acquire a 100% interest in Ecru by making cash payments of US\$2.5 million, work expenditures of US\$5.0 million over a six-year period according to the following schedule:

|                        | Cash payments (US\$) | Status | Minimum aggregate work expenditure (US\$) | Status |
|------------------------|----------------------|--------|---|--------|
| On signing             | \$25,000             | O/S    | -   | -      |
| 18 Months from signing | \$50,000             |        | \$200,000                                 |        |
| 30 Months from signing | \$50,000             |        | \$500,000                                 |        |
| 42 Months from signing | \$100,000            |        | \$1,000,000                               |        |
| 54 Months from signing | \$100,000            |        | \$2,000,000                               |        |
| 66 Months from signing | \$175,000            |        | \$3,000,000                               |        |
| 72 Months from signing | \$2,000,000          |        | \$5,000,000                               |        |
| <b>Total</b>           | <b>\$2,500,000</b>   |        | <b>\$5,000,000</b>                        |        |

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## 11. MINERAL PROPERTY INTERESTS (CONTINUED)

The Company retains a 2.0% NSR royalty on the property. Moneghetti will also make annual payments of US\$50,000 starting on the first year of exercising the option until the project is placed into commercial production. In addition, Moneghetti will pay US\$7.50 per ounce to a maximum US\$7.5 million on all mineral resources and reserves at the time of a production decision.

### Exploration Expenditures

During the years ended December 31, 2020 and 2019, the Company incurred the following exploration expenditures that were expensed as incurred:

|                             | Mexico     | Canada     | US         | Year Ended December 31, |              |
|-----------------------------|------------|------------|------------|-------------------------|--------------|
|                             |            |            |            | 2020                    | 2019         |
| Camp and support            | 16,151     | 13,453     | 6,627      | <b>36,231</b>           | 167,978      |
| Aircraft and helicopters    | -          | 6,468      | -          | <b>6,468</b>            | 403,049      |
| Chemical analysis           | 19,474     | 5,302      | 68,778     | <b>93,555</b>           | 262,327      |
| Data management and maps    | 8,019      | 30,869     | 14,006     | <b>52,894</b>           | 145,015      |
| Drilling and trenching      | -          | -          | 227,690    | <b>227,690</b>          | 506,537      |
| Community relations         | 4,828      | 11,017     | -          | <b>15,845</b>           | 94,284       |
| Geological services         | 159,842    | 212,834    | 158,721    | <b>531,397</b>          | 1,368,982    |
| Geophysical surveys         | 11,082     | (1,000)    | 22,940     | <b>33,022</b>           | 192,407      |
| Materials and supplies      | 5,752      | 1,431      | 6,654      | <b>13,837</b>           | 50,169       |
| Project management          | -          | 5,688      | -          | <b>5,688</b>            | 1,149        |
| Recording and filing        | 66,744     | 2,575      | -          | <b>69,319</b>           | 185,818      |
| Reclamation                 | -          | 17,200     | (16,649)   | <b>551</b>              | -            |
| Travel                      | 10,340     | 9,608      | 33,966     | <b>53,914</b>           | 167,494      |
| Permitting                  | -          | -          | 3,058      | <b>3,058</b>            | -            |
| Legal                       | 29,062     | -          | -          | <b>29,062</b>           | -            |
| Misc                        | 2,526      | 1,713      | 35         | <b>4,274</b>            | -            |
| Foreign exchange adjustment | -          | -          | -          | <b>(69,593)</b>         | -            |
|                             | \$ 333,822 | \$ 317,158 | \$ 525,825 | \$ 1,107,212            | \$ 3,545,209 |

## 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                     | Year Ended December 31, |            |
|---------------------|-------------------------|------------|
|                     | 2020                    | 2019       |
| Trade payables      | \$ 69,313               | \$ 130,320 |
| Accrued liabilities | <b>51,125</b>           | 59,588     |
|                     | <b>\$ 120,438</b>       | \$ 189,908 |

The average credit period of purchases is one month. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed-upon credit terms.

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### 13. PROVISION FOR ENVIRONMENTAL REHABILITATION

The Company's exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. Management's current estimate of reclamation and other future site restoration costs to be incurred for existing mineral property interests has been included in these consolidated financial statements as a provision for environmental rehabilitation. The undiscounted amount of the estimated cash flows required to settle the obligations, which are expected to be paid over the next four years, is \$nil (2019 - \$5,306).

#### Environmental Rehabilitation

|                                   |             |
|-----------------------------------|-------------|
| Balance, December 31, 2018        | \$ 66,525   |
| Revision in estimates             | (61,219)    |
| Balance, December 31, 2019        | 5,306       |
| Revision in estimates             | (5,306)     |
| <b>Balance, December 31, 2020</b> | <b>\$ -</b> |

### 14. COMMITMENTS AND CONTINGENCIES

The Company has leased premises for its head office at 1201-510 West Hastings Street, Vancouver, British Columbia, effective March 1, 2020 to February 28, 2025. Commitments outstanding for the 2021 fiscal year total \$40,274 for lease and operating costs, and the estimates from 2022 to 2025 total \$137,712.

The Company has entered into a rental agreement for its administrative offices in Hermosillo, Mexico. The annual rent totals \$21,000. The agreement was for a period of three years and expired on December 31, 2020. The Company extended the term of this lease for another year, expiring on December 31, 2021.

Through the Arrangement, the Company has a leased office for its Nevada operations at 4750 Longley Lane, Suite 106-107, Reno, Nevada. The lease agreement expires on June 30, 2022. Total rent and estimated operating cost for 2021 and 2022 are \$107,628 and \$54,609, respectively.

|               | Less than one<br>year | One to four<br>years | Total             |
|---------------|-----------------------|----------------------|-------------------|
| <b>Canada</b> |                       |                      |                   |
| Office Lease  | \$ 40,274             | \$ 137,712           | \$ 177,986        |
| Other         | 2,580                 | 3,225                | 5,805             |
| <b>US</b>     |                       |                      |                   |
| Office Lease  | 107,628               | 54,609               | 162,237           |
| <b>Mexico</b> |                       |                      |                   |
| Office Lease  | 22,770                | -                    | 22,770            |
| Other         | 1,374                 | -                    | 1,374             |
|               | <b>\$ 174,626</b>     | <b>\$ 195,546</b>    | <b>\$ 370,172</b> |

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## 15. SHARE CAPITAL

### (a) Authorized and issued

The Company's authorized share capital is an unlimited number of common shares without par value and as at December 31, 2020, the Company had 174,642,284 common shares outstanding.

#### **Issuance of common shares**

On August 18, 2020, the Company acquired 68,521,030 common shares representing all the issued and outstanding shares of Renaissance in connection with the Arrangement. As consideration, the Company issued 86,808,513 common shares to former Renaissance shareholders for a total fair value of \$42,874,725 or \$0.49 per share (Note 4).

On September 17, 2019, the Company issued 50,000 common shares with a fair value of \$18,750 to Centerra Gold Inc. pursuant to the amended Cumobabi agreement.

#### **Warrant exercise**

During the year ended December 31, 2020, 291,283 common share purchase warrants were exercised with an average exercise price of \$0.39 per share for gross proceeds of \$112,319 and \$31,137 was reclassified from contributed surplus to capital stock.

#### **Stock options exercise**

During the year ended December 31, 2020, 2,246,671 (2019 - 776,500) stock options were exercised with an average exercise price of \$0.21 per share for gross proceeds of \$477,120 (2019 - \$194,125) and \$212,684 (2019 - \$124,863) was reclassified from contributed surplus to capital stock.

### (b) Incentive stock options

The Company has a rolling stock option plan (the "Plan") that allows for the reservation of common shares issuable under the Plan up to a maximum of 10% of the issued and outstanding common shares at any given time. The Plan allows the board of directors to grant stock options of the Company to encourage equity participation among senior officers, employees, consultants and directors through the acquisition of common shares of the Company.

On August 18, 2020, the Company issued 6,486,152 stock options in exchange for 5,210,600 Renaissance stock options in connection with the Arrangement. The stock options were issued using the Exchange Ratio for a total fair value of \$471,606 (Note 4) and have a weighted average exercise price of \$0.24 per share and a weighted average life of 1.90 years.



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### 15. SHARE CAPITAL (CONTINUED)

On November 24, 2020, the Board of Directors approved a grant of 500,000 (2019 - 1,200,000) at an exercise price of \$0.33 per share (2019 - \$0.32 per share) for a period of five years. The options vest over a four-year period.

Changes in share purchase options during the fiscal year.

|                                | December 31, 2020 |                                 | December 31, 2019 |                                 |
|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                                | Number of Shares  | Weighted Average Exercise Price | Number of Shares  | Weighted Average Exercise Price |
| Outstanding, beginning balance | 4,815,000         | \$ 0.27                         | 5,715,000         | \$ 0.25                         |
| Granted                        | 6,986,152         | \$ 0.31                         | 1,200,000         | \$ 0.32                         |
| Exercised                      | (2,246,671)       | \$ 0.21                         | (776,500)         | \$ 0.25                         |
| Forfeited/Expired              | (1,250,000)       | \$ 0.28                         | (1,323,500)       | \$ 0.25                         |
| Outstanding, ending balance    | 8,304,481         | \$ 0.26                         | 4,815,000         | \$ 0.27                         |
| Options exercisable            | 7,604,481         | \$ 0.25                         | 3,031,667         | \$ 0.25                         |

The following share purchase options were outstanding at December 31, 2020.

| Expiry Date | Options Outstanding (number of shares) | Options Exercisable (number of shares) | Exercise Price | Weighted Average Remaining Life |
|-------------|--|--|----------------|---------------------------------|
| 2021-02-18  | 641,072                                | 641,072                                | \$ 0.46        | 0.13                            |
| 2021-02-18  | 209,001                                | 209,001                                | \$ 0.21        | 0.13                            |
| 2021-02-18  | 323,648                                | 323,648                                | \$ 0.16        | 0.13                            |
| 2021-02-18  | 831,695                                | 831,695                                | \$ 0.23        | 0.13                            |
| 2021-02-18  | 248,960                                | 248,960                                | \$ 0.15        | 0.13                            |
| 2021-02-23  | 800,000                                | 800,000                                | \$ 0.25        | 0.15                            |
| 2021-08-18  | 280,080                                | 280,080                                | \$ 0.46        | 0.63                            |
| 2022-07-24  | 356,261                                | 356,261                                | \$ 0.21        | 1.56                            |
| 2022-11-09  | 1,422,500                              | 1,222,500                              | \$ 0.25        | 1.86                            |
| 2022-12-19  | 24,896                                 | 24,896                                 | \$ 0.21        | 1.97                            |
| 2023-08-14  | 721,984                                | 721,984                                | \$ 0.16        | 2.62                            |
| 2024-02-12  | 200,000                                | 100,000                                | \$ 0.32        | 3.12                            |
| 2024-07-02  | 400,000                                | 400,000                                | \$ 0.32        | 3.50                            |
| 2024-07-17  | 1,344,384                              | 1,344,384                              | \$ 0.23        | 3.55                            |
| 2025-11-23  | 500,000                                | 100,000                                | \$ 0.33        | 4.90                            |
|             | <b>8,304,481</b>                       | <b>7,604,481</b>                       | <b>\$ 0.26</b> | <b>1.80</b>                     |

## OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

### 15. SHARE CAPITAL (CONTINUED)

The Company determines the fair value of options using the Black-Scholes option pricing model and used the following assumptions:

|                         | December 31, 2020 | December 31, 2019 |
|-------------------------|-------------------|-------------------|
| Volatility              | 223.00%           | 104.50%           |
| Risk Free Interest Rate | 0.45%             | 1.68%             |
| Expected Life           | 5 years           | 5 years           |
| Dividend Yield          | 0.00%             | 0.00%             |

The total share-based compensation expense charged against operations for the year ended December 31, 2020 was \$151,469 (2019 - \$303,416). Share-based compensation related to forfeited options of \$72,362 (2019 - \$150,752) was derecognized during the year ended December 31, 2020, by setting of against share-based compensation cost and contributed surplus. Net share-based compensation expensed recognized during the year was \$79,107 (2019 - \$244,040).

#### (c) Warrants

On August 18, 2020, the Company issued 23,302,059 common share purchase warrants in exchange for 18,719,520 common share purchase warrants from Renaissance in connection with the Arrangement. The common share purchase warrants were issued using the Exchange Ratio for a total fair value of \$2,488,632 (Note 4) with a weighted average exercise price of \$0.42 per share and a weighted average life of 3.04 years.

Share purchase warrants outstanding at December 31, 2020 and 2019 are as follows:

|                                | December 31, 2020 |                                 | December 31, 2019 |                                 |
|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                                | Number of Shares  | Weighted Average Exercise Price | Number of Shares  | Weighted Average Exercise Price |
| Outstanding, beginning balance | 6,333,629         | \$ 0.50                         | 6,333,629         | \$ 0.50                         |
| Issued                         | 23,302,059        | \$ 0.39                         | -                 | \$ -                            |
| Exercised                      | (291,283)         | \$ 0.39                         | -                 | \$ -                            |
| Expired                        | (6,333,629)       | \$ 0.50                         | -                 | \$ -                            |
| Outstanding, ending balance    | 23,010,776        | \$ 0.39                         | 6,333,629         | \$ 0.50                         |

## OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

### 15. SHARE CAPITAL (CONTINUED)

| Expiry Date    | Warrants<br>Outstanding<br>(number of<br>shares) | Exercise Price | Weighted<br>Average<br>Remaining Life |
|----------------|--|----------------|---------------------------------------|
| May 16, 2023   | 15,895,231                                       | \$ 0.38        | 2.37                                  |
| April 30, 2024 | 7,115,545  | \$ 0.40        | 3.33                                  |
|                | <b>23,010,776</b>                                | <b>\$ 0.39</b> | <b>2.67</b>                           |

During the year ended December 31, 2020, the Company derecognized \$234,136 (2019 - \$nil) against contributed surplus and accumulated deficit related to 6,333,629 expired common share purchase warrants.

### 16. INCOME TAXES

- (a) Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2019 - 27%) to loss before income taxes.

|  | December 31,<br>2020   | December 31,<br>2019 |
|--|------------------------|----------------------|
| Loss before tax  | <b>\$ (45,597,439)</b> | \$ (3,232,856)       |
| Statutory income tax rate                                | <b>27%</b>             | 27%                  |
| Expected income tax recovery                             | <b>(12,311,309)</b>    | (872,871)            |
| Items non-deductible for income tax purposes             | <b>84,434</b>          | 76,661               |
| Impact of foreign exchange on tax assets and liabilities | <b>(79,675)</b>        | 5,813                |
| Change in estimate and other                             | <b>(1,572,187)</b>     | 865,558              |
| Origination and reversal of temporary differences        | <b>(288,335)</b>       | 194,088              |
| Unused tax losses and tax offsets not recognized         | <b>14,167,072</b>      | (269,249)            |
| Total income taxes                                       | <b>\$ -</b>            | \$ -                 |

The Mexican corporate tax rate is to remain at 30% indefinitely.

- (b) The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are as follows:

|  | December 31, 2020 |
|--|-------------------|
| Deferred income tax asset:                 |                   |
| Non-capital losses                         | <b>\$ 27,034</b>  |
| Deferred income tax liabilities:           |                   |
| Property and equipment                     | <b>(27,034)</b>   |
| <b>Net deferred income tax liabilities</b> | <b>\$ -</b>       |

# OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 16. INCOME TAXES (CONTINUED)

- (c) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

|                               | December 31,<br>2020 | December 31,<br>2019 |
|-------------------------------|----------------------|----------------------|
| Non-capital losses            | \$ 78,742,260        | \$ 14,295,539        |
| Mineral properties            | 5,513,036            | 4,368,429            |
| Available for sale securities | 60,997               | 51,500               |
| Share issue costs             | 179,477              | 103,496              |
| Equipment                     | 156,267              | 156,844              |
|                               | <b>\$ 84,652,037</b> | <b>\$ 18,975,808</b> |

- (d) The Company's unused non-capital tax losses have the following expiry years:

| Year | Canada               | Mexico              | USA                  | Total                |
|------|----------------------|---------------------|----------------------|----------------------|
| 2018 | \$ -                 | \$ 1,018,000        | \$ -                 | \$ 1,018,000         |
| 2019 | -                    | 5,000               | -                    | 5,000                |
| 2020 | -                    | 7,000               | -                    | 7,000                |
| 2021 | -                    | 3,000               | -                    | 3,000                |
| 2024 | -                    | 823,000             | -                    | 823,000              |
| 2025 | -                    | 463,000             | -                    | 463,000              |
| 2026 | -                    | 750,000             | -                    | 750,000              |
| 2027 | 28,000               | -                   | -                    | 28,000               |
| 2029 | 127,000              | -                   | -                    | 127,000              |
| 2030 | 422,000              | -                   | -                    | 422,000              |
| 2031 | 1,679,000            | -                   | 1,000                | 1,680,000            |
| 2032 | 1,598,000            | -                   | 1,000                | 1,599,000            |
| 2033 | 1,501,000            | -                   | 55,000               | 1,556,000            |
| 2034 | 1,695,000            | -                   | 8,000                | 1,703,000            |
| 2035 | 1,438,000            | -                   | -                    | 1,438,000            |
| 2036 | 1,152,000            | -                   | -                    | 1,152,000            |
| 2037 | 1,622,000            | -                   | -                    | 1,622,000            |
| 2038 | 2,040,000            | 31,000              | 4,000                | 2,075,000            |
| 2039 | 1,846,000            | 1,739,000           | 14,090,000           | 17,675,000           |
| 2040 | 2,085,000            | 1,394,000           | 1,713,000            | 5,192,000            |
|      | <b>\$ 17,233,000</b> | <b>\$ 6,233,000</b> | <b>\$ 15,872,000</b> | <b>\$ 39,338,000</b> |

# OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 17. RELATED PARTY TRANSACTIONS

Transactions between the Company and related parties are disclosed below.

(a) Due to related parties

Included in accounts payable and accrued liabilities at December 31, 2020 was \$303 (2019 - \$8,170).

(b) Transactions involving related parties

During the year ended December 31, 2020 the Company paid \$6,055 (2019 - \$59,478) for community engagement services to a company with a director in common.

(c) Compensation of key management personnel

The remuneration paid to directors and other key management personnel during the years ended December 31, 2020 and 2019 were as follows:

|                                   | <b>December 31, 2020</b> | December 31, 2019 |
|-----------------------------------|--------------------------|-------------------|
| Salaries of senior executives (i) | <b>\$ 675,632</b>        | \$ 842,222        |
| Short-term employee benefits (ii) | <b>31,532</b>            | 40,641            |
| Non-executive directors' fees     | <b>163,771</b>           | 157,500           |
| Annual bonus of senior executives | <b>27,708</b>            | 43,272            |
| Termination costs                 | <b>23,001</b>            | 92,313            |
| Share-based compensation          | <b>30,575</b>            | 222,676           |
|                                   | <b>\$ 952,219</b>        | \$ 1,398,624      |

(i) Senior executives include the Chief Executive Officer, Chief Financial Officer, Vice President Exploration.

(ii) Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended December 31, 2020 and 2019.

## OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

### 18. SEGMENTED INFORMATION

During the years ended December 31, 2020 and 2019, the Company operated in one industry segment: mineral exploration; within three geographic segments: Canada, United States and Mexico. The Company's non-current assets by geographic areas for the years ended December 31, 2020 and 2019 are as follows:

| <b>December 31, 2020</b>   | <b>Canada</b>     | <b>United States</b> | <b>Mexico</b>    | <b>Total</b>      |
|----------------------------|-------------------|----------------------|------------------|-------------------|
| <b>Non-Current Assets:</b> |                   |                      |                  |                   |
| <b>Equipment</b>           | <b>\$ 217,553</b> | <b>\$ 176,312</b>    | <b>\$ 36,028</b> | <b>429,893</b>    |
| <b>Reclamation bond</b>    | <b>\$ 179,834</b> | <b>\$ 27,380</b>     | <b>\$ -</b>      | <b>207,214</b>    |
|                            | <b>\$ 397,387</b> | <b>\$ 203,692</b>    | <b>\$ 36,028</b> | <b>\$ 637,107</b> |

| December 31, 2019         | Canada     | United States | Mexico    | Total      |
|---------------------------|------------|---------------|-----------|------------|
| Non-Current Assets:       |            |               |           |            |
| Prepaid rent and deposits | \$ 30,560  | \$ -          | \$ -      | \$ 30,560  |
| Equipment                 | 218,960    | -             | 18,881    | 237,841    |
| Reclamation bond          | 173,334    | -             | -         | 173,334    |
|                           | \$ 422,854 | \$ -          | \$ 18,881 | \$ 441,735 |

The Company's mineral property revenues by geographic areas for the years ended December 31, 2020 and 2019 are as follows:

| <b>December 31, 2020</b>        | <b>Canada</b>    | <b>United States</b> | <b>Mexico</b>     | <b>Total</b>      |
|---------------------------------|------------------|----------------------|-------------------|-------------------|
| <b>Revenues:</b>                |                  |                      |                   |                   |
| <b>Property option proceeds</b> | <b>\$ 35,000</b> | <b>\$ 6,726</b>      | <b>\$ 197,855</b> | <b>\$ 239,581</b> |
| <b>Project management fees</b>  | <b>616</b>       | <b>-</b>             | <b>-</b>          | <b>616</b>        |
|                                 | <b>\$ 35,616</b> | <b>\$ 6,726</b>      | <b>\$ 197,855</b> | <b>\$ 240,197</b> |

| December 31, 2019        | Canada     | United States | Mexico    | Total      |
|--------------------------|------------|---------------|-----------|------------|
| Revenues:                |            |               |           |            |
| Property option proceeds | \$ 363,403 | \$ -          | \$ -      | \$ 363,403 |
| Project management fees  | 121,179    | -             | 69,190    | 190,369    |
|                          | \$ 484,582 | \$ -          | \$ 69,190 | \$ 553,772 |

# OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 19. FINANCIAL RISK MANAGEMENT

### (a) Fair value of financial instruments

The fair values of cash and cash equivalents, short term investments, amounts receivable, accounts payable and accrued liabilities, and joint venture partner deposits approximate their carrying values due to the short-term to maturities of these financial instruments. The carrying value of marketable securities have been based on quoted market prices, a Level 1 measurement according to the fair value hierarchy. The carrying value of lease liabilities approximates fair value as the interest rates approximate market rates.

### (b) Categories of financial instruments

|  | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| <b>Financial Assets</b>                  |                          |                          |
| FVTPL                                    |                          |                          |
| Cash and cash equivalents                | \$ 3,617,103             | \$ 3,546,972             |
| Short term investments                   | 7,166,726                | 6,058,805                |
| Marketable securities                    | 53,664                   | 43,000                   |
| Loans and Receivables                    |                          |                          |
| Trade receivable                         | 98,854                   | -                        |
|  | <u>\$ 10,936,347</u>     | <u>\$ 9,648,777</u>      |
| <b>Financial Liabilities</b>             |                          |                          |
| Other Financial Liabilities              |                          |                          |
| Accounts payable and accrued liabilities | \$ 120,438               | \$ 189,908               |
| Short term lease liabilities             | 155,317                  | 58,331                   |
| Joint venture partner deposit            | 592,029                  | 91,358                   |
|  | <u>\$ 867,784</u>        | <u>\$ 339,597</u>        |

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

### (c) Foreign currency risk

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars and Mexican pesos ("MXN") to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

## OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

### 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The carrying amount of the Company's foreign currency denominated monetary assets are as follows:

|   | US(*)               |                   | MXN(*)            |                  |
|---|---------------------|-------------------|-------------------|------------------|
|   | US(*)               | MXN(*)            | US(*)             | MXN(*)           |
| Cash and cash equivalents                         | \$ 131,301          | \$ 129,979        | \$ 387,784        | \$ 17,180        |
| Amounts receivable                                | 9,702               | 279,269           | -                 | -                |
| Accounts payable and accrued liabilities          | (47,698)            | (8,680)           | (9,309)           | (5,520)          |
| Joint venture partner deposits                    | (592,029)           | -                 | (252,085)         | -                |
| <b>Net assets denominated in foreign currency</b> | <b>\$ (498,723)</b> | <b>\$ 400,568</b> | <b>\$ 126,390</b> | <b>\$ 11,660</b> |

\*Figures in this table are Canadian dollars, converted from the foreign currency, at the closing exchange rate for that date.

The Company uses a sensitivity analysis to measure the effect on total assets of reasonably foreseen changes in foreign exchange rates. The analysis is used to determine if these risks are material to the financial position of the Company. On the basis of current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by 0.30% (2019 – 0.15%).

The sensitivity of the Company's loss and comprehensive loss due to changes in the exchange rate between the Mexican peso and the Canadian dollar, and between the US dollar and the Canadian dollar are approximated in the tables below. The change, due to the effect of the exchange rate on financial instruments, is reported in the consolidated statements of loss and comprehensive loss as foreign exchange gains (losses).

|   | December 31, 2020                |                                  | December 31, 2019                |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | 10% Increase in<br>MXN: CAD Rate | 10% Increase in<br>USD: CAD Rate | 10% Increase in<br>MXN: CAD Rate | 10% Increase in<br>USD: CAD Rate |
| Change in net loss and comprehensive loss | \$ (482,664)                     | \$ 37,447                        | \$ 149,628                       | \$ 10,599                        |

(d) Interest rate risk

The Company's cash and cash equivalents consist of cash held in bank accounts and GICs that earn interest at a fixed interest rate. Future cash flows from interest income on cash and cash equivalents will be affected by declining cash balances. The Company manages interest rate risk by investing in short-term fixed interest financial instruments with varying maturity periods when feasible to provide access to funds as required. A 25-basis point change in interest rate would have an immaterial impact on comprehensive income based on the cash and cash equivalents at the end of the period.



# OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Actual financial results for the coming year will vary since the balances of financial assets are expected to decline as funds are used for Company expenses.

### (e) Credit risk

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash and cash equivalents and short-term investments are on deposit at major financial institutions. The Company is not aware of any counterparty risk that could have an impact on the fair value of such investments. The carrying value of the financial assets represents the maximum credit exposure.

The Company minimizes credit risk by reviewing the credit risk of the counterparties to its arrangements on a periodic basis. The Company's concentration of credit risk and maximum exposure thereto is as follows:

|                                     | <b>December 31, 2020</b> | December 31, 2019 |
|-------------------------------------|--------------------------|-------------------|
| Short-term money market instruments | <b>\$ 1,750,002</b>      | \$ 2,750,000      |
| Cash bank accounts                  | <b>1,867,101</b>         | 796,972           |
| Short term investments              | <b>7,166,726</b>         | 6,058,805         |
| Marketable securities               | <b>53,664</b>            | 43,000            |
| Trade receivable                    | <b>98,854</b>            | -                 |
|                                     | <b>\$ 10,936,347</b>     | \$ 9,648,777      |

At December 31, 2020, the Company's short-term money market instruments were invested in GICs earning annual interest rates of 0.45% to 1.60%.

### (f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, including exploration plans. The Company attempts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations, holdings of cash and cash equivalents and short-term investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. The Company staggers the maturity dates of its investments over different time periods when feasible to maximize interest earned. The Company has invested part of the excess cash flow through a financial institution.

## OROGEN ROYALTIES INC.

Formerly Evrim Resources Corp.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

### 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table summarizes the Company's significant liabilities and corresponding maturities.

| Due Date    | December 31, 2020   | December 31, 2019 |
|-------------|---------------------|-------------------|
| 0-90 days   | \$ 120,438          | \$ 189,908        |
| 90-365 days | 747,346             | 149,689           |
| 365+ days   | 177,818             | 123,181           |
|             | <b>\$ 1,045,602</b> | <b>\$ 462,778</b> |

(g) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to significant equity price risk related to its marketable securities.

### 20. SUBSEQUENT EVENTS

- (a) Subsequent to the that ended on December 31, 2020, 2,459,316 stock options were exercised with a weighted average exercise price of \$0.21 for total gross proceeds of \$517,771. A summary of the stock options that were exercised is as follows:
- On February 23, 2021, 800,000 stock options with an expiry date of February 23, 2021 were exercised at \$0.25 per share for gross proceeds of \$200,000;
  - There were 2,254,376 stock options with exercise prices ranging from \$0.15 to \$0.46 (Note 15(b)) with a February 18, 2021 expiry date and 1,339,448 of these stock options were exercised with a weighted average exercise price of \$0.196 for gross proceeds of \$262,542. The remaining balance of 914,928 stock options expired unexercised; and
  - 319,868 stock options were exercised with a weighted average exercise price of \$0.17 for gross proceeds of \$55,229.
- (b) On March 25, 2021, the Company granted 500,000 stock options to a director with an exercise price of \$0.33 that expires on March 25, 2026.
- (c) On April 19, 2021, the Company announced the sale of its Axe copper-gold porphyry project located in southern British Columbia, Canada to Kodiak Copper Corp. ("Kodiak") for 950,000 common shares of Kodiak and 2.0% NSR royalty of which 0.5% can be purchased for \$2.0 million. The transaction is subject to regulatory approval.

**O R O G E N**  
**ROYALTIES INC.**

**(Formerly Evrim Resources Corp.)**

**Management Discussion & Analysis**

**For the years ended  
December 31, 2020 and 2019**

# **OROGEN ROYALTIES INC.**

*Formerly Evrim Resources Corp.*

Management Discussion & Analysis

Year Ended December 31, 2020

(Expressed in Canadian Dollars)

## **Introduction**

*This Management Discussion and Analysis of the financial position and results of Orogen Royalties Inc. (the “Company” or “Orogen”), formerly Evrim Resources 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 December 31, 2020 and 2019, 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.*

## **About Orogen**

Orogen is a royalty and mineral exploration company with a diverse portfolio of precious metal royalties and copper, gold and silver exploration projects in Canada, United States and Mexico. The Company has two business segments – mineral royalties and mineral exploration project generation. The Company also owns a geological database covering parts of Mexico, central Asia, South Pacific, western Canada and western United States.

Orogen uses the project generator business model and its projects, either acquired from other third parties or discovered through the Company’s exploration programs, are advanced through option and/or joint venture agreements with industry partners to provide maximum exposure to exploration success. Mineral royalties and revenue are also generated from these option and/or joint venture arrangements.

The Company was incorporated on May 11, 2005, as a capital pool company for the purposes of the policies of the TSX Venture Exchange (the “Exchange”) and is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. The shares of the Company commenced trading on the Exchange under the symbol EVM on January 25, 2011. On August 18, 2020, the Company acquired Renaissance Gold Inc. through a Plan of Arrangement under the Business Corporation Act (British Columbia) and was renamed Orogen Royalties Inc. The Company commenced trading on the Exchange under the symbol OGN on August 20, 2020.

The head office, principal registered, and records office of the Company are located at 1201 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8.

# **OROGEN ROYALTIES INC.**

*Formerly Evrim Resources Corp.*

Management Discussion & Analysis

Year Ended December 31, 2020

(Expressed in Canadian Dollars)

## **Date**

This MD&A has been prepared based on information available to the Company as of April 22, 2021.

## **1.2 Overview**

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.

### **(a) Plan of Arrangement**

On June 9, 2020, the Company entered into a friendly merger of equals transaction with Renaissance Gold Inc. (“Renaissance”), a company listed on the Exchange under the symbol REN. The transaction was completed through a Plan of Arrangement under the Business Corporation Act (the “Arrangement”) on August 18, 2020, whereby the Company acquired Renaissance. Renaissance shareholders exchanged all issued and outstanding common shares, options and warrants at a ratio of one (1) common share, option, or warrant for 1.2448 (the “Exchange Ratio”) common shares, options or warrants of the Company. As a result, the Company issued 86,808,513 common shares with a total fair value of \$42,874,725 or \$0.49 per share. In addition, the Company issued 6,486,152 replacement stock options and 23,302,059 replacement warrants.

The total consideration for acquiring a 100% interest in Renaissance was \$45,834,963. For the year ended December 31, 2020, the Company recorded a fair value adjustment of \$41,701,005 in recognition of the Arrangement. The fair value adjustment relates to the value of mineral properties and given the Company’s accounting policy is to expense acquisition costs, the adjustment is recorded in the statement of loss and comprehensive loss.

### **(b) Management Changes**

- (i) In connection with the Arrangement, Mr. J. Patrick Nicol and Mr. John Thompson resigned as directors and were replaced by Mr. Robert P. Felder and Mr. Timothy M. Janke on August 18, 2020;
- (ii) On November 24, 2020, the Company appointed Mr. Marc Tran as Chief Financial Officer. Mr. Tran takes over from Mr. Mahesh Liyanage who is pursuing other opportunities;
- (iii) On January 13, 2021, the Company announced the appointment of Mr. Daniel Pace as Vice President of Exploration of the Company. Mr. Pace takes over from Mr. Dave Groves who is retiring from the Company;

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- (iv) On January 29, 2021, the Company announced the resignation of Mr. David Caulfield from the Board of Directors;
- (v) On February 10, 2021, the Company announced the appointment of Mr. J. Patrick Nicol to the Board of Directors;
- (vi) On February 16, 2021, the Company announced the resignation of Mr. Paul van Eeden as Director and Chairman of the Company; and
- (vii) On March 25, 2021, the Company announced the appointment of Mr. Roland Butler to the Board of Directors.

## (c) Financial Position

As at December 31, 2020, the Company had working capital of \$10,424,884 (2019 - \$9,664,855) and an accumulated deficit of \$63,816,039 (2019 - \$18,452,736). During the year that ended on December 31, 2020, the Company incurred a loss of \$45,597,439 (2019 - \$3,232,856) primarily due to \$41,701,005 (2019 - \$nil) recognized as acquisition cost from the Arrangement.

During the period, the Company also incurred \$1,107,212 (2019 - \$3,545,209) in exploration expenses and incurred \$2,782,252 (2019 - \$2,681,567) in G&A and overhead expenses.

## (d) Share Capital

- (i) On August 18, 2020, the Company acquired 68,521,030 common shares representing all the issued and outstanding shares of Renaissance in connection with the Arrangement. As consideration, the Company issued 86,808,513 common shares to former Renaissance shareholders for a total fair value of \$42,874,725 or \$0.49 per share;
- (ii) During the year ended December 31, 2020, 291,283 (2019 - nil) common share purchase warrants were exercised with an average exercise price of \$0.39 per share for gross proceeds of \$112,319 (2019 - \$nil); and
- (iii) During the year ended December 31, 2020, 2,246,671 (2019 - 776,500) stock options were exercised with an average exercise price of \$0.21 per share for gross proceeds of \$477,120 (2019 - \$194,125) and \$212,684 (2019-\$124,863) was reclassified from contributed surplus to capital stock.

## (e) Mineral Properties- Summary of Activities

- (i) **TREK 31:** On February 18, 2020, the Company announced its ownership of the TREK 31 property in the Nechako Plateau of British Columbia. The property was identified by the Company using data from Geoscience BC's TREK initiative and was staked in 2018. On October 13, 2020, the Company entered into an option

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agreement with Pacific Imperial Mines Inc. whereby Pacific Imperial Inc. can earn up to a 100% interest in the project by making cash payments totaling US\$1.3 million and incurring \$3.0 million in exploration expenditures over a five-year period. The Company will retain a 3.0% net smelter return ("NSR") royalty on the TREK 31 claims of which 1.0% can be repurchased for \$3.0 million.

- (ii) **Newmont Alliance:** On April 10, 2020, the Company and Newmont Mining Corporation have both agreed to terminate the June 10, 2019 alliance agreement. The alliance focused on generating greenfield exploration opportunities in terranes favorable for world-class gold orebodies. As at termination date, the Company received \$822,144 in exploration expenditure advances from Newmont of which \$nil was outstanding as of December 31, 2020 (2019 - \$nil).
- (iii) **Astro Project:** the Astro Project was identified as a result of the Newmont alliance and the Company designated the Astro project for option on March 6, 2019. The Company received the option payment of US\$200,000 from Newmont due upon assignment in April 2019. The option agreement was terminated on April 10, 2020. As at termination date, the Company received \$1,607,760 for the 2019 exploration program of which \$nil (2019- \$91,358) was outstanding as of December 31, 2020.
- (iv) **Jupiter:** The Company holds 100% interest in the project subject to a 1.0% NSR royalty to Altius Minerals Corp. On November 30, 2017, the Company entered into an earn-in agreement with Ramelius Resources Ltd. This earn-in agreement was terminated by both the Company and Ramelius Resources Ltd. on March 3, 2021.
- (v) **Spring Peak:** On January 17, 2019, the Company entered into an earn-in agreement with OceanaGold (US) Inc. ("OceanaGold") whereby OceanaGold can earn a 51% interest in the project by making total cash payments of US\$215,000 and incur total exploration expenditures of US\$4.0 million over a five-year period. Once the 51% interest has been earned, OceanaGold may elect to exercise an option to earn an additional 24% interest by incurring US\$6.0 million in exploration and development expenditures over a period of four years from the time the option was exercised. The Company became the operator for the drilling program in August 2020. The Company received \$416,061 or US\$326,764 in exploration expenditure advances from OceanGold during the year that ended on December 31, 2020. As at December 31, 2020, \$416,061 (2019- \$nil) was outstanding. On February 10, 2021, the option was terminated and outstanding cash advanced was refunded to OceanaGold.
- (vi) **Tabor (formerly Baby Doe):** On August 24, 2020, the Company entered into an earn-in agreement with Au-Reka Gold Corporation, a subsidiary of i-80 Gold Corp. ("I-80") (formerly Premier Gold Mines U.S.A.), whereby I-80 can earn up to a 100% of interest in the project. The Company will retain a 3.0% NSR royalty on

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the Tabor claims and a 1.0% NSR royalty on the Mustang claims. Half of the NSR royalty on all the claims can be repurchased by I-80 for US\$3.0 million.

- (vii) **Mustang Canyon:** The Company entered into an option agreement with Nevada Select Royalty Inc., a wholly owned subsidiary of Ely Gold Royalties Inc. ("Ely Gold") on June 24, 2020 to purchase 100% of 27 unpatented mining claims of the Mustang Canyon property whereby Ely Gold is the registered and beneficial owner. The total purchase price for the property is US\$200,000 with payments to be made over certain milestones. The Company has paid US\$35,000 over two milestones to date and the remaining obligations were transferred to I-80 as the Mustang Canyon claims were included in the August 24, 2020 Tabor option agreement.
- (viii) **Ecru:** the Company holds 100% interest in the Ecru property located in Nevada. On March 8, 2021, the company signed an option agreement with Moneghetti Minerals Limited ("Moneghetti") to option the Ecru gold project located in Nevada. Moneghetti can acquire a 100% interest in Ecru by making cash payments of US\$2.5 million, work expenditures of US\$5.0 million over a six-year period. The Company retains a 2.0% NSR royalty on the property.

## (f) Subsequent events:

- (i) Subsequent to the that ended on December 31, 2020, 2,459,316 stock options were exercised with a weighted average exercise price of \$0.21 for total gross proceeds of \$517,771. A summary of the stock options that were exercised is as follows:
  - (a) On February 23, 2021, 800,000 stock options with an expiry date of February 23, 2021 were exercised at \$0.25 per share for gross proceeds of \$200,000;
  - (b) There were 2,254,376 stock options with exercise prices ranging from \$0.15 to \$0.46 with a February 18, 2021 expiry date and 1,339,448 of these stock options were exercised with a weighted average exercise price of \$0.196 for gross proceeds of \$262,542. The remaining balance of 914,928 stock options expired unexercised; and
  - (c) 319,868 stock options were exercised with a weighted average exercise price of \$0.17 for gross proceeds of \$55,229.
- (ii) On March 25, 2021, the Company granted 500,000 stock options to a director with an exercise price of \$0.33 that expires on March 25, 2026.
- (iii) On April 19, 2021, the Company announced the sale of its Axe copper-gold porphyry project located in southern British Columbia, Canada to Kodiak Copper Corp. ("Kodiak") for 950,000 common shares of Kodiak and 2.0% NSR royalty of which 0.5% can be purchased for \$2.0 million. The transaction is subject to regulatory approval.



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## 1.3 Selected Annual Information

|                             | Year ended<br>December 31<br>2020 | Year ended<br>December 31<br>2019 | Year ended<br>December 31<br>2018 |
|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Revenue and interest income | \$328,197                         | \$ 769,391                        | \$ 2,542,502                      |
| Net loss                    | (45,597,439)                      | (3,232,856)                       | (1,983,127)                       |
| Net loss per share          | (0.39)                            | (0.04)                            | (0.03)                            |
| Total assets                | 11,929,775                        | 10,446,187                        | 14,610,881                        |
| Current liabilities         | 867,784                           | 339,597                           | 1,804,310                         |
| Long-term liabilities       | 177,818                           | 128,487                           | 66,525                            |
| Shareholders' equity        | 10,844,173                        | 9,978,103                         | 12,740,046                        |
| Cash dividends declared     | Nil                               | Nil                               | Nil                               |

## 1.4 Results of Operations

### Mineral Property Interests

The Company has two business segments – mineral royalties and mineral exploration project generation. The Company uses the project generator business model and its projects, either acquired from other third parties or discovered through the Company's exploration programs, are advanced through option and/or joint venture agreements with industry partners to provide maximum exposure to exploration success. Mineral royalties and revenue are also generated from these option and/or joint venture arrangements.

The following table summarizes the business segments and details of the Company's complete project portfolio:

| Project Name             | Location              | Metals | Underlying Agreements and Encumbrances |             | Mineral Royalties             |             | Joint Venture/Alliances | Projects Optioned |             |
|--------------------------|-----------------------|--------|--|-------------|-------------------------------|-------------|-------------------------|-------------------|-------------|
|                          |                       |        | Counter Party                          | NSR Royalty | Counter Party                 | NSR Royalty |                         | Counter Party     | NSR Royalty |
| <b>Mineral Royalties</b> |                       |        |  |             |                               |             |                         |                   |             |
| Ermitaño                 | Sonora, Mexico        | Au, Ag | -                                      | -           | First Majestic Silver Corp.   | 2.0%        | -                       | -                 | -           |
| Silicon                  | Nevada, United States | Au     | -                                      | -           | AngloGold Ashanti NA          | 1.0%        | -                       | -                 | -           |
| Cumobabi                 | Sonora, Mexico        | Au, Ag | -                                      | -           | First Majestic Silver Corp.   | 1.5%        | -                       | -                 | -           |
| La Lola                  | Sonora, Mexico        | Au, Ag | -                                      | -           | Heoliodor Metals S.A. DE C.V. | 2.0%        | -                       | -                 | -           |
| Cumaro                   | Sonora, Mexico        | Au     | -                                      | -           | Heoliodor Metals S.A. DE C.V. | 1.0%        | -                       | -                 | -           |
| South Roberts            | Sonora, Mexico        | Au     | -                                      | -           | Ivy Minerals                  | 0.5-1.0%    | -                       | -                 | -           |

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|                                    |                               |            |   |   |                      |      |                             |      |   |
|------------------------------------|-------------------------------|------------|---|---|----------------------|------|-----------------------------|------|---|
| Argentina Royalties                | Argentina                     | Au         | -   | -   | Magna Terra Minerals | 1.0% | -                           | -    | - |
| <b>Joint Venture and Alliances</b> |                               |            |   |   |                      |      |                             |      |   |
| Maggie Creek JV                    | Nevada, United States         | Au         | Various   | 3.0%                                      | -                    | -    | US Gold Corp.               | -    | - |
| Yamana Alliance                    | Western, United States        | Au         | -   | -   | -                    | -    | Yamana Gold Inc.            | -    | - |
| <b>Projects Optioned</b>           |                               |            |   |   |                      |      |                             |      |   |
| Sarape                             | Sonora, Mexico                | Au, Ag     | -   | -   | -                    | -    | Hochschild Mining PLC       | 3.0% |   |
| Lemon Lake                         | BC, Canada                    | Au, Cu     | Metalogic Exploration Inc.                            | -   | -                    | -    | Acme Company Limited        | 1.0% |   |
| TREK 31                            | BC, Canada                    | Au, Cu     | -   | -   | -                    | -    | Pacific Mineral Mines Inc.  | 3.0% |   |
| Tabor                              | Nevada, United States         | Au         | -   | -   | -                    | -    | i-80 Gold Corp.             | 3.0% |   |
| Mustang Canyon                     | Nevada, United States         | Au         | Ely Gold Royalties Inc.                               | 2.0%                                      | -                    | -    | i-80 Gold Corp.             | 1.0% |   |
| Ecru                               | Nevada, United States         | Au         | -   | -   | -                    | -    | Moneghetti Minerals Limited | 2.0% |   |
| <b>Projects Available</b>          |                               |            |   |   |                      |      |                             |      |   |
| Suanse                             | Mexico                        | Au, Ag     | San Marco Resources Inc.                              | 1.0%                                      | -                    | -    |                             | -    | - |
| Llano del Nogal                    | Mexico                        | Au, Ag, Cu | -   | 1.0%-base metals;<br>1.5%-precious metals | -                    | -    | Altius Minerals Corp        | -    | - |
| Ball Creek                         | BC, Canada                    | Au, Cu     | Luff Enterprises Ltd.                                 | 2.0%                                      | -                    | -    | -                           | -    | - |
| Axe                                | BC, Canada                    | Au, Cu     | Liberty Leaf Holdings Inc. and Bearclaw Capital Corp. | 1.0%-2.0%                                 | -                    | -    | -                           | -    | - |
| Milligan West                      | BC, Canada                    | Au, Cu     | -   | -   | -                    | -    | -                           | -    | - |
| Astro                              | Northwest Territories, Canada | Au         | - Newmont Mining Corporation                          | 2.0%                                      | -                    | -    |                             | -    | - |
| Jupiter                            | Nevada, United States         | Au         | Altius Minerals Corp.                                 | 1.0%                                      | -                    | -    | -                           | -    | - |

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|                |                       |    |                     |       |   |   |   |   |   |
|----------------|-----------------------|----|---------------------|-------|---|---|---|---|---|
| Raven          | Nevada, United States | Au | Ivy Minerals        | 0.5%  | - | - | - | - | - |
| Callaghan      | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Manhattan Gap  | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Kalium         | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Pearl String   | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Gilbert South  | Nevada, United States | Au | Variable            | 2-3%  | - | - | - | - | - |
| Spring Peak    | Nevada, United States | Au | Kuzma               | 2.5%  | - | - | - | - | - |
| Jake Creek     | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Ghost Ranch    | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Elba           | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Cine Mountain  | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Diamond Point  | Nevada, United States | Au | -                   | -     | - | - | - | - | - |
| Buffalo Canyon | Nevada, United States | Au | Geocorp and Parratt | 1%    | - | - | - | - | - |
| Polaris        | Oregon, United States | Au | -                   | -     | - | - | - | - | - |
| Fireball Ridge | Nevada, United States | Au | Variable            | 1%-3% | - | - | - | - | - |
| Trinity Silver | Nevada, United States | Ag | Variable            | 2%    | - | - | - | - | - |

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## **Mineral Property Interests- Continued**

The following summarizes the Company's material mineral properties and projects including the underlying agreements and encumbrances when they were acquired from other third parties, the terms and conditions of option agreements when they have been optioned to other joint venture partners to advance the projects, and their current work status.

### ***Mexico Portfolio***

I. **Ermitaño:** the project is located in Sonora, Mexico.

(a) *Sale Agreement:* In September 2018, the Company transferred 100% of its interest in the property to First Majestic Silver Corp. ("First Majestic") for US\$1,000,000 subject to a 2.0% NSR royalty.

(b) *Project Update:*

In February 2020, First Majestic announced the results of 33,767 metres of drilling, comprising of 103 holes, that were drilled at Ermitaño during 2019. Highlights included:

- 10.8 metres grading 12.84 grams per tonne ("g/t") gold and 46 g/t silver in hole EW-19-67;
- 6.4 metres grading 9.46 g/t gold and 383 g/t silver in EW-19-74;
- 2.4 metres grading 31.63 g/t gold and 459 g/t silver in EW-19-85;
- 13.0 metres grading 11.61 g/t gold and 45 g/t silver in EW-19-91;
- 7.7 metres grading 16.37 g/t gold and 111 g/t silver in EW-19-103;
- 4.5 metres grading 17.98 g/t gold and 79 g/t silver in EW019-111; and
- 9.1 metres grading 14.22 g/t gold and 130 g/t silver in EW-19-113.

First Majestic reported that it was working on several engineering studies, including geotechnical and geohydrological investigations, detailed metallurgical testing and a series of trade-off analyses, to define the materials handling infrastructure for a prefeasibility study.

On November 5, 2020, First Majestic released its Q3-2020 financial results and reported that development and construction activities at the Ermitaño project accelerated during the quarter with the completion of additional surface and earthwork activities. First Majestic also began the construction of the east portal and parallel ramp that will be used to reduce future traffic congestion and serve as a ventilation circuit. The development of the first of five levels in the high-grade portion of the Ermitaño ore body could be reached in November followed by the development of the upper and lower levels of the first mining block.

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## **Mineral Property Interests- Continued**

In January 2021, First Majestic announced a US\$42.1 million investment for the continued development of Ermitaño. The investment for 2021 supports the construction of underground mine infrastructure that began in 2020. First Majestic planned to release a Preliminary Economic Assessment and was conducting hydrological studies and geotechnical drilling for the Pre-Feasibility Study. First Majestic also planned to initiate test block mining to assess geotechnical conditions at Ermitaño and extract approximately 30,000 to 60,000 tonnes of material to be used for metallurgical testing. Initial limited mine production was scheduled in the second half of 2021 followed by stope preparation and ramping up of activities in early 2022.

On March 31, 2021, First Majestic filed a National Instrument 43-101 (“NI 43-101”) Technical Report on Mineral Resource and Mineral Reserve Estimates (the “Technical Report”) on its Santa Elena project which includes the Ermitaño with an effective date of December 31, 2020. Results from the Technical Report were as follows:

- 198 core drill holes totaling 69,315 metres were drilled on at the Ermitaño project from 2016 to 2020, including six metallurgical and four geotechnical holes;
- Bench scale metallurgical testing has been conducted for some of Ermitaño project’s core samples which supports recovery assumptions of 85% for silver and 96% for gold;
- Cut-off grade used to determine mineral resource estimates were based on mining and processing from the last 24 months of operations at the Santa Elena mine and these economic parameters result in a silver equivalent cut-off grade of 110 g/t;
- Indicated resources totaling 2,453,000 tonnes grading 4.25 g/t gold and 64 g/t silver for 335,000 ounces of contained gold and 5.01 million ounces silver;
- Inferred resources of totaling 6,022 tonnes grading 2.69 g/t gold and 57 g/t silver for 522,000 ounces of contained gold and 11.09 million ounces of silver; and
- The Technical Report concluded positive economics for the Santa Elena life of mine plan with additional drilling programs recommended at the Santa Elena and Ermitaño properties. This includes an annual drilling of 1,000 metres underground infill drill program at the Ermitaño property to increase confidence in current Indicated and Inferred Mineral Resources and a 15,000 metres near-mine drill program to explore expansions of the mineralization.

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## Mineral Property Interests- Continued

II. **Cumobabi:** the project is located in Sonora, Mexico.

- (a) *Acquisition Agreement:* Pursuant to the Cumobabi acquisition agreement (as amended) with Kiska Metals Corporation, now Centerra Gold Inc. ("Centerra"), the Company issued 25,000 (fair valued \$32,250) and 50,000 (fair valued \$18,750) common shares on September 17, 2018 and 2019, respectively. In the event the property is put into commercial production (in which case it is acknowledged that the Company will receive an NSR royalty in accordance with the terms of the First Majestic option agreement), the Company will pay to Centerra one-third (1/3) of all amounts received under the NSR royalty commencing on the second anniversary of commercial production (as defined pursuant to the terms of the agreement governing the NSR royalty).

On May 23, 2018, Centerra transferred the NSR royalty rights to 10782343 Canada Limited/ Triple Flag.

- (b) *Sale Agreement:* In September 2018, First Majestic acquired 100% interest in the Cumobabi project for US\$500,000 subject to a 1.5% NSR royalty.

III. **Cerro Cascaron:** the Cerro Cascaron project is in Sonora, Mexico. The project covers a historic colonial-era mining district that contains numerous gold and gold-silver prospects. The core claims contain a large portion of the Serpiente Dorada zone, which was staked by the Company in late 2015. The Company entered into an option agreement with third parties to acquire three additional surrounding claims on July 19, 2016.

- (a) *Acquisition Agreement:* the Company entered into an acquisition agreement with third parties on July 19, 2016 to acquire 100% ownership interest in the San Miguel claims. Total consideration was MXP3,220,000 to be paid per the following schedule:

|   | Cash payments (MXP) | Paid (MXP)     | Status                                  |
|---|---------------------|----------------|---|
| Signing                                     | 50,000              | 50,000         | Paid- 2016                              |
| July 19, 2017 (1 <sup>st</sup> anniversary) | 150,000             | 150,000        | Paid- 2017                              |
| July 19, 2018 (2 <sup>nd</sup> anniversary) | 20,000              | 20,000         | Paid- 2018                              |
| July 19, 2019 (3 <sup>rd</sup> anniversary) | 250,000             | 250,000        | Paid- 2019                              |
| July 19, 2020 (4 <sup>th</sup> anniversary) | 2,750,000           | Nil            | Agreement terminated- December 19, 2020 |
| <b>Total</b>                                | <b>3,220,000</b>    | <b>470,000</b> |   |

The optionor will hold a 2.0% NSR royalty and the Company has a buyback right to acquire 1.0% of the NSR royalty by paying US\$2.5 million.

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## Mineral Property Interests- Continued

On December 19, 2020, the Company terminated the agreement without completing the last option payment and relinquished the option to acquire ownership of the San Miguel claims. All financial obligations have also been terminated.

- (b) *Option Agreement:* on June 7, 2017, the Company entered into an option agreement with Harvest Gold Corp. (“Harvest”) whereby Harvest can earn up to an 80% interest in the Cerro Cascaron property by incurring \$16.0 million in exploration expenditures, paying \$2.1 million in cash, issuing 2,000,000 common shares (one million shares were received in 2017) and funding a NI 43-101 compliant Feasibility Study over a nine-year period.

In April 2018, the completion date to fulfill the first year’s obligation was extended to December 31, 2018 for a fee of \$30,000.

During the year ended December 31, 2019, the agreement was further amended to extend the first years’ obligation and allow both parties to renegotiate the terms of the agreement.

The agreement was terminated on January 7, 2020.

- (c) *Project Update:*

No work programs were conducted on the Cerro Cascaron property for the year ended December 31, 2020.

- IV. Sarape:** In August 2017, the Company announced the acquisition of the Sarape gold-silver project in central Sonora, Mexico. Sarape was identified through the Company’s generative programs with reconnaissance exploration completed in early 2017. The project is 100% owned by the Company with no underlying royalties and is located near excellent infrastructure with roads and power crossing the 5,776-hectare property.

- (a) *Option Agreement:* On August 25, 2020, the Company optioned the Sarape project to Hochschild Mining PLC (“Hochschild”). Hochschild can earn a 100% interest in the project by making staged cash payments of US\$5.35 million and incurring exploration expenditures of US\$5.0 million over a five-year period per the following schedule:

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## Mineral Property Interests- Continued

|   | Cash payment (US\$) | Status          | Minimum cumulative work expenditure (US\$) | Status |
|---|---------------------|-----------------|--|--------|
| August 25, 2020                               | \$50,000            | <i>Received</i> | -  |        |
| August 25, 2021 (1 <sup>st</sup> anniversary) | \$50,000            |                 | -  |        |
| February 25, 2022 (18 months)                 | -                   |                 | \$500,000                                  |        |
| August 25, 2022 (2 <sup>nd</sup> anniversary) | \$50,000            |                 | -  |        |
| August 25, 2023 (3 <sup>rd</sup> anniversary) | \$100,000           |                 | \$2,000,000                                |        |
| August 25, 2024 (4 <sup>th</sup> anniversary) | \$100,000           |                 | \$3,000,000                                |        |
| August 25, 2025 (5 <sup>th</sup> anniversary) | \$5,000,000         |                 | \$5,000,000                                |        |
| <b>Total</b>                                  | <b>\$5,350,000</b>  |                 |  |        |

Upon earn in, the Company will retain a 3.0% NSR royalty of which 1.0% can be repurchased for US\$2.0 million.

(b) *Project Update:*

The Sarape project consists of 5,349 hectares of mineral tenure over the six kilometre long Sarape vein and the 2.6 kilometre long Chiltepin vein. The Company contracted a helicopter borne magnetic and radiometric geophysical survey over the property in 2018 and completed detailed geologic mapping and rock sampling over the vein targets. Early in 2019, a diamond drilling program was initiated to test the Sarape and Chiltepin veins below areas of anomalous rock-chip samples and high-level epithermal vein textures.

Results from ten diamond-drill holes totaling 2,930 metres are tabulated below:

| Hole ID         | From (m) | To (m) | Interval (m) | Gold (g/t) | Silver (g/t) |
|-----------------|----------|--------|--------------|------------|--------------|
| <b>SAR19-01</b> | 227.60   | 227.85 | 0.25         | 1.48       | 20.50        |
| <b>SAR19-02</b> | 74.88    | 83.35  | 8.47         | 0.33       | 7.59         |
| including       | 76.50    | 80.76  | 4.26         | 0.52       | 10.70        |
| <b>SAR19-03</b> | 119.15   | 126.70 | 7.55         | 0.19       | 11.40        |
| <b>SAR19-04</b> | 179.42   | 204.10 | 24.68        | 0.18       | 8.86         |
| including       | 201.60   | 203.00 | 1.40         | 0.55       | 31.00        |
| <b>SAR19-05</b> | 302.05   | 303.52 | 1.47         | 0.31       | 20.70        |
| and             | 306.62   | 308.15 | 1.53         | 0.14       | 1.92         |
| <b>SAR19-06</b> | 261.46   | 263.70 | 2.24         | 0.57       | 24.30        |
| and             | 261.46   | 262.92 | 1.46         | 0.80       | 34.10        |
| <b>SAR19-07</b> | 242.65   | 245.80 | 3.15         | 0.26       | 9.60         |



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|                 |                       |        |       |      |      |
|-----------------|-----------------------|--------|-------|------|------|
| and             | 248.30                | 251.25 | 2.95  | 0.26 | 9.09 |
| <b>SAR19-08</b> | 295.43                | 307.00 | 11.57 | 0.22 | 5.54 |
| <b>SAR19-09</b> | 431.84                | 440.14 | 8.30  | 0.10 | 4.20 |
| <b>CHI19-01</b> | No significant result |        |       |      |      |

Nine holes were drilled along 380 metres of strike length and at varying depths on the Sarape vein, and one hole was completed on the Chiltepin vein. Drilling confirmed that the Sarape vein has a complex, multi-episodic emplacement history with two phases of quartz (white and yellow/green) and two phases of carbonate veining. Gold and silver mineralization is associated with both quartz phases and is best developed between 100 metres and 350 metres below surface where the vein dilates into a wide fissure vein before it narrows at depth.

On February 23, 2021, the Company announced that a 2,500 metre oriented core drill program was scheduled to start in late Q1-2021. Fluid inclusion studies and hyperspectral core scanning are being used in conjunction with surface mapping and sampling to target high grade shoots within the 5.0 kilometre long Sarape vein and the 2.5 kilometre long Chiltepin vein.

**V. La Lola:** the project is located in Sonora, Mexico and covers 6,309 hectares of land along the northern Sierra Madre Gold Belt and hosts the La Barra vein that has been traced for over five kilometres on the La Lola property. The La Barra vein and smaller parallel veins display high-level features of epithermal gold-silver veins and have never been drilled.

(a) *Acquisition Agreement:* On March 25, 2019, the Company entered into an agreement with a group of third parties to purchase 100% of the La Lola property by making a total cash payment of US\$100,000 per the following schedule:

|  | Cash payment (US\$) | Status                             |
|--|---------------------|------------------------------------|
| Signing                                      | \$25,000            | <i>Paid</i>                        |
| March 25, 2020 (1 <sup>st</sup> anniversary) | \$25,000            | <i>Paid</i>                        |
| March 25, 2021 (2 <sup>nd</sup> anniversary) | \$25,000            | <i>Project sold- July 24, 2020</i> |
| March 25, 2022 (3 <sup>rd</sup> anniversary) | \$25,000            | <i>Project sold- July 24, 2020</i> |
| <b>Total</b>                                 | <b>\$100,000</b>    |                                    |

The optionor holds 1.0% NSR royalty. The Company or any other third party it elects shall have a buyback right of the 1.0% NSR royalty by paying US\$500,000.

(b) *Sale Agreement:* On July 24, 2020, the Company sold the project to Heoliodor Metals S.A. DE C.V., a private company, for US\$12,500. The Company retains a 2.0% NSR royalty, of which 1.0% may be repurchased for US\$1.75 million.

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## Mineral Property Interests- Continued

(c) *Project Update:*

On March 29, 2021, Heliostar Metals announced the results of a 1,500 metre drilling program. Three holes were completed with the following results:

- LOLA21-01 - no significant results;
- LOLA21-02 - 2.5 metres grading 92.0 g/t silver; and
- LOLA21-03 – assays pending.

**VI. Suanse:** the project is located in Sonora, Mexico and covers 1,115 hectares of ground north of the Company's porphyry target on the Llano del Nogal project.

(a) *Acquisition Agreement:* On November 21, 2019, the Company entered into an agreement with San Marco Resources Inc. ("San Marco") to acquire 100% interest in Suanse project for US\$75,000 per the following schedule:

|   | Cash payment (US\$) | Status      |
|---|---------------------|-------------|
| Signing                                 | \$25,000            | <i>Paid</i> |
| Completion of 1,000 metres of drilling  | \$25,000            |             |
| Entering into a future option agreement | \$25,000            |             |
| <b>Total</b>                            | <b>\$75,000</b>     |             |

San Marco holds a 1% NSR royalty and the Company has a buyback right to acquire the 1.0% NSR royalty by paying \$1.0 million.

(b) *Project Update:*

No work programs were conducted on the Suanse property for the year ended December 31, 2020.

**VII. Llano del Nogal:** the project is located in Sonora, Mexico and is a 98 square kilometre concession covering 25 square kilometres of altered volcanic and intrusive rocks on the prolific Nacozari porphyry copper trend in northern Mexico.

(a) *Alliance Agreement:* On December 18, 2012, the Company signed an agreement with Altius Minerals Corp. ("Altius") for a four-year, \$1.5 million, regional exploration alliance. Altius has the right of first offer on the sale of any alliance Project royalties owned by the Company.

Pursuant to the alliance agreement with Altius, encumbrances on the Llano del Nogal project include:

- Llano del Nogal Claims - 1.0% NSR royalty on base metals and 1.5% NSR royalty on precious metals payable to Altius; and

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## **Mineral Property Interests- Continued**

- Coyotes Claims - 1.5% NSR royalty payable to Altius and the 1.5% NSR royalty can be repurchased for US\$1.5 million.

(b) *Project Update:*

Airborne magnetics outlines two magmatic centers, a northern magnetic anomaly covered by Tertiary sedimentary rocks and basalt, and a central magnetic anomaly underlying a partially eroded lithocap in andesitic volcanic rocks. Further south, a large area of magnetite destruction is marked by extensive quartz-sericite alteration, quartz-tourmaline veins and polymetallic veins and replacements. Mapping and sampling have identified Laramide-age intrusions, phyllic and potassic-altered volcanic rocks, quartz-sericite-altered hydrothermal breccia and sheeted quartz-chalcopyrite veins. The Company is seeking a partner to undertake geophysical surveys and initial drilling on this large untested porphyry system.

No work programs were conducted on the Llano del Nogal property for the year ended December 31, 2020.

## ***Canada Portfolio***

- I. **Ball Creek:** Ball Creek is a copper porphyry and epithermal gold project comprising 52,442 hectares, located in the Golden Triangle, northwestern British Columbia. The ground contains several porphyry copper-gold and epithermal gold systems associated with Jurassic intrusive rocks.

- (a) *Acquisition Agreement:* On April 20, 2015, the Company acquired a 100% interest in the Ball Creek property from LUFF Enterprises Ltd. (formerly Ascent Industries Corp. and Paget Minerals Corp.) Preexisting encumbrances payable to Sandstorm Gold Royalties ("Sandstorm") include:

- 2.0% NSR royalty payable to Sandstorm and the Company has an option to repurchase 1.0% of the NSR royalty for \$1.0 million;
- \$1.0 million payable to Sandstorm upon announcement of a measured or indicated mineral resource estimate (NI 43-101 compliant) of at least 1.0 million oz gold equivalent resource; and
- \$3.0 million payable to Sandstorm on a positive NI 43-101 compliant Feasibility Study.

To earn a 100% interest, the Company is required to make the following payments:

- \$150,000 upon closing of the agreement (paid);

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### Mineral Property Interests- Continued

- If the Company enters into an option agreement whereby the Company would receive payments related to the property at any time within the four years following the date of the agreement, the Company will be required to pay additional consideration of 40% of payments received during the first year, 30% of payments received during the second year, 20% of payments received during the third year and 10% of payments received during the fourth year; and
- Milestone share payments (or cash equivalent at the Company's election) of:

|   | <b>Share or cash equivalent payments</b> | <b>Status</b>                                  |
|---|--|--|
| Signing   | 100,000                                  | <i>Issued- 2017</i>                            |
| Completion of 10,000 metres of drilling   | 250,000                                  | <i>Agreement terminated- December 12, 2020</i> |
| Announcement of M&I Resource Estimate of at least 500 million tonnes at grade of at least 0.50% copper equivalent | 400,000                                  | -  |
| Completion of a NI 43-101 Feasibility Study   | 500,000                                  | -  |
| <b>Total Shares</b>   | <b>1,250,000</b>                         |  |

Both the Company and LUFF are each entitled to 50% of the existing bond in place, with the Company's share being \$20,000 (2019 - \$20,000).

On December 12, 2020, the Company terminated the agreement with LUFF and paid \$20,000 in consideration to acquire 100% interest in Ball Creek. The Company has no further obligation to LUFF and retains 100% interest in the Ball Creek property.

- (b) *Option Agreement:* on July 9, 2019, the Company entered into an option agreement with Golden Ridge Resources Ltd. ("Golden Ridge") on the Ball creek project. Golden Ridge can earn an 80% interest in the Ball Creek project by issuing 1,000,000 Golden Ridge shares, making cash or cash equivalent share payments of up to \$300,000, additional cash payments of up to \$4.25 million, making a production decision supported by an NI 43-101 compliant Feasibility Study and providing evidence of project financing that is mutually acceptable to both parties in accordance with the Feasibility Study. The Company retains the right to purchase 1.0% of a pre-existing 2.0% NSR royalty for \$1.0 million.

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### Mineral Property Interests- Continued

The following is the payment schedule per the option agreement:

|   | <b>Cash or cash equivalent share payments</b>              | <b>Status</b>  |
|---|--|--|
| Five business day from TSX Approval                                   | 1,000,000 (shares)   | <i>Received</i>  |
| July 9, 2020- 2025 (1 <sup>st</sup> to 6 <sup>th</sup> anniversary)   | \$50,000 cash or cash equivalent share payment/anniversary | <i>149,573 Common Shares Received in Q3-2020. These -shares were subsequently returned to Golden Ridge when the option agreement was terminated on February 8, 2021.</i> |
| July 9, 2026-2029 (7 <sup>th</sup> to 10 <sup>th</sup> anniversary)   | \$125,000 cash /anniversary                                | -  |
| July 9, 2030- 2034 (11 <sup>th</sup> to 15 <sup>th</sup> anniversary) | \$250,000 cash /anniversary                                | -  |
| July 9, 2035- 2039 (16 <sup>th</sup> to 20 <sup>th</sup> anniversary) | \$500,000cash /anniversary                                 | -  |

A portion of the first four years' share and cash payments will be subject to the purchase agreement with LUFF. The Company received 1,000,000 Golden Ridge shares of which 400,000 were transferred to LUFF.

On February 8, 2021, the Company and Golden Ridge terminated the option agreement. The Company paid a consideration of \$15,000 and returned 149,573 Golden Ridge shares to Golden Ridge.

(c) *Project Update:*

In November 2019, Golden Ridge released results from two holes drilled on the Main and Goat zones at Ball Creek. Drill hole MZ-19-01 was drilled as a southwest step-out to previous drilling at the Main Zone and intersected 291.5 metres of 0.48 g/t gold, 0.14% copper and 0.95 g/t silver. Drill hole GZ-19-01 was the first drill test of the Goat Zone and returned 108 metres grading 111 parts per million ("ppm") molybdenum and 3.7 g/t silver in albite-altered volcanic rocks.

In December 2019 and January 2020, Golden Ridge released results from 4,500 soil samples and 59 rock samples collected in 2019. The sampling program identified several new exploration targets in the Hickman area of Ball Creek and expanded on previous exploration at the More and ME prospects. Sampling highlights include:

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### Mineral Property Interests- Continued

- a 500 metre by 1,500 metre area of anomalous copper-gold samples over the Hickman batholith, a large granodioritic to monzonitic intrusive complex related to the nearby Schaft Creek porphyry copper deposit;
- northern and southern extensions to historic copper-gold soil anomalies over the More target area, which now extends for some seven kilometres along a north-northeast-striking corridor of syenite dikes, sills and plugs; and
- a 500 metre by 1,500 metre copper-molybdenum-gold-silver anomaly at the ME prospect located 2.5 kilometres south of the Main Zone porphyry.

Golden Ridge planned to follow up with additional sampling, mapping and geophysical surveys to define drill targets, however, the option agreement was terminated on February 8, 2021.

- II. **Axe:** The Axe project covers multiple alkalic copper-gold porphyry centers in the Southern Quesnellia Terrane of south-central British Columbia. The primary target on the project is an outcropping porphyry copper target at the 1516 zone which is expressed on the surface as a 2200 metres by 400 metres zone of greater than 150 ppm copper in soils.
- a) *Acquisition Agreement:* On December 6, 2016, the Company acquired a 100% interest in the Axe property from Liberty Leaf Holdings Ltd. ("Liberty Leaf") and Bearclaw Capital Corp. ("Bearclaw"), subject to:
- 1.0% NSR royalty covering 21 claims and the Company has an option to repurchase the 1.0% NSR royalty for \$1.5 million; and
  - 2.0% NSR royalty on four separate claims and the Company has an option to repurchase 1.0% of the NSR royalty \$1.0 million and the remaining 1.0% NSR royalty for \$2.0 million.

To earn a 100% interest, the Company is required to make the following payments:

- \$30,000 (\$21,000 to Liberty Leaf and \$9,000 to Bearclaw) upon closing of the agreement (paid); and
- Share or cash equivalent payments at the Company's selection according to the following milestones:

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## Mineral Property Interests- Continued

|  | Share or cash equivalent payments | Status        |
|--|-----------------------------------|---------------|
| Upon entering into a future option agreement   | 75,000                            | <i>Issued</i> |
| Upon entering into a future agreement to drill 5,000 metres  | 75,000                            |               |
| Upon announcement of a measured or indicated mineral resource estimate (NI 43-101 compliant) of at least 500 million tonnes at a grade of at least 0.40% copper equivalent | 200,000                           |               |
| Completion of a NI 43-101 compliant Feasibility Study  | 250,000                           |               |
| <b>Total Shares</b>  | <b>600,000</b>                    |               |

As at December 31, 2020, the Company has placed a reclamation bond in the amount of \$30,000 (2019 - \$30,000).

(b) *Project Update:*

In 2018, a program of mapping and soil sampling was carried out over a historic IP chargeability anomaly that was tested by one historic drill hole and returned 21 metres grading 0.25% copper. Mapping identified alteration consistent with porphyry copper-gold mineralization and soil sampling confirmed a copper-gold geochemical anomaly associated with the historic chargeability anomaly.

No work programs were conducted on the Axe property for the year ended December 31, 2020 and the property remains available for option.

III. **Lemon Lake:** The Lemon Lake Project is a 26 square kilometer alkalic porphyry copper-gold project located 6 kilometres east of the Hamlet of Horsefly in the Cariboo Mountains, British Columbia. The project covers the Lemon Lake stock and a copper-gold porphyry target defined by soils, IP and shallow percussion drilling through glacial till.

(a) *Acquisition Agreement:* On October 4, 2018, the Company acquired a 100% interest in the Lemon Lake property from Metalogic Exploration Inc. The agreement was subsequently amended on February 17, 2021. To earn a 100% interest, the Company is required to make cash or share equivalent payments according to the following milestones:

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## Mineral Property Interests- Continued

|   | <b>October 4,<br/>2018<br/>Agreement-<br/>cash or share<br/>equivalent<br/>payments</b> | <b>February 17,<br/>2021,<br/>Amendment-<br/>cash or share<br/>equivalent<br/>payments</b> | <b>Status</b> |
|---|---|--|---------------|
| Closing of agreement  | \$15,000  | \$15,000   | <i>Paid</i>   |
| Upon entering into a Future Option Agreement  | \$25,000  | -  |               |
| February 18, 2022 - On the 1 <sup>st</sup> anniversary of the Acme option agreement   | -   | \$7,500  |               |
| February 18, 2023 - On the 2 <sup>nd</sup> anniversary of the Acme option agreement   | -   | \$17,500   |               |
| Upon entering into an agreement to drill 10,000 metres  | \$25,000  | \$25,000   |               |
| Upon announcement of a M&I or inferred (NI 43-101 compliant) mineral resource estimate of at least 200,000,000 tons at a grade of at least 0.50% copper equivalent. | \$150,000   | \$150,000  |               |
| Upon decision to bring the property into commercial production  | \$500,000   | \$500,00   |               |
| <b>Total</b>  | <b>\$715,000</b>  | <b>\$715,000</b>   |               |

The Company has placed a reclamation bond of \$75,000 (2019 - \$75,000) for the property.

- (b) *Option Agreement:* On February 18, 2021, the Company entered into an agreement with Acme Company Limited ("Acme"), a private British Columbia based company to option the Lemon Lake property. Acme can acquire a 100% interest in the Lemon Lake by making cash payments of \$575,000 and work expenditures of \$3.0 million over a five-year period according to the following schedule and granting a 1.0% NSR royalty to the Company:

|  | <b>Option payments</b> | <b>Status</b> | <b>Minimum work expenditure</b> | <b>Status</b> | <b>Milestone payments</b> | <b>Status</b> |
|--|------------------------|---------------|---------------------------------|---------------|---------------------------|---------------|
| On or before February 18, 2022 (1 <sup>st</sup> anniversary) | -                      |               | \$75,000                        |               | \$7,500                   |               |
| February 18, 2023 (2 <sup>nd</sup> anniversary)              | \$10,000               |               | \$75,000                        |               | \$17,500                  |               |
| February 18, 2024 (3 <sup>rd</sup> anniversary)              | \$65,000               |               | \$350,000                       |               | -                         |               |
| February 18, 2025 (4 <sup>th</sup> anniversary)              | \$100,000              |               | \$1,000,000                     |               | -                         |               |
| February 18, 2025 (5 <sup>th</sup> anniversary)              | \$400,000              |               | \$1,500,000                     |               | -                         |               |



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|  |                  |                    |                  |
|--|------------------|--------------------|------------------|
| Upon the completion of an aggregate of 10,000 metres of drilling as part of Mining Work  | -                | -                  | \$25,000         |
| Upon the announcement of a measured or indicated mineral resource estimate of at least 200,000,000 tons at a grade of at least 0.50% copper equivalent | -                | -                  | \$150,000        |
| Upon the Optionee's decision to bring a mine on the property into commercial production.   | -                | -                  | \$500,000        |
| <b>Total</b>   | <b>\$575,000</b> | <b>\$3,000,000</b> | <b>\$700,000</b> |

(c) *Project Update:*

In 2018, a program of mapping and soil sampling was carried out over a historic IP chargeability anomaly that was tested by one historic drill hole and returned 21 metres grading 0.25% copper. Mapping identified alteration consistent with porphyry copper-gold mineralization and soil sampling confirmed a copper-gold geochemical anomaly associated with the historic chargeability anomaly.

No work programs were conducted on Lemon Lake property for the years ended December 31, 2020 and 2019.

**IV. TREK 31:** On February 18, 2020, the Company announced its ownership of the TREK 31 property which covers a Blackwater-Davidson like intermediate sulfidation target in the Nechako Plateau of British Columbia. The property was staked in 2018 covering one of the largest and strongest geochemical anomalies identified by Geoscience BC's TREK initiative.

(a) *Option Agreement:* On October 13, 2020, the Company entered into an option agreement with Pacific Imperial Mines Inc. ("Pacific Imperial") whereby Pacific Imperial can earn up to a 100% interest in the project by making cash payments totaling US\$1.3 million and incurring \$3.0 million in exploration expenditures over a five-year period. The Company will retain a 3.0% NSR royalty on the TREK 31 claims of which 1.0% can be repurchased for \$3.0 million.

|  | Option payments (US\$) | Status | Minimum aggregate work expenditure | Status |
|--|------------------------|--------|------------------------------------|--------|
| April 13, 2021 (6 months from Effective Date)  | \$20,000               |        | -                                  |        |
| October 13, 2021 (1 <sup>st</sup> anniversary) | \$30,000               |        | \$300,000                          |        |
| October 13, 2022 (2 <sup>nd</sup> anniversary) | \$50,000               |        | \$1,000,000                        |        |
| October 13, 2023 (3 <sup>rd</sup> anniversary) | \$100,000              |        | \$1,500,000                        |        |
| October 13, 2024 (4 <sup>th</sup> anniversary) | \$100,000              |        | \$2,000,000                        |        |

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|  |                    |  |             |  |
|--|--------------------|--|-------------|--|
| October 13, 2025 (5 <sup>th</sup> anniversary) | \$1,000,000        |  | \$3,000,000 |  |
| <b>Total</b>                                   | <b>\$1,300,000</b> |  |             |  |

(b) *Project Update:*

Basal Till geochemical sampling by the Company outlined a 2.3 kilometre by 900 metre gold-in-till anomaly situated down ice of a major structural break between rocks of the Stikine Terrane and magnetic rocks interpreted to be volcanic and intrusive rocks of Eocene age. TREK-31 exhibits potential for a Blackwater-Davidson deposit exploration target.

On February 23, 2021, the Company announced that with Pacific Imperial, it has complete additional till sampling and approximately 12 kilometres of pole dipole IP geophysics on the TREK-31 project. The survey defined a greater than 200 metre wide chargeability anomaly within a highly resistive unit immediately south of a pronounced magnetic high and coincident with a strong gold in basal till anomaly. This geophysical signature prompted the acquisition of an additional 26.1 square kilometres of claims and will serve as the basis for drill targeting by Pacific Imperial in 2021.

- V. Newmont Alliance:** On July 10, 2017, the Company signed an agreement for a two-year exploration alliance with Newmont Mining Corporation (“Newmont”). The alliance focused on generating greenfield exploration opportunities in terranes favorable for world-class gold orebodies. The Company and Newmont would co-fund the US\$1,840,000 exploration program through a respective 30:70 allocation.

At the end of the two-year alliance period, Newmont had the right to designate one or more projects for option by making certain cash payments to the Company and funding exploration on the project(s) for up to ten years, or until such time as it has defined an NI 43-101 compliant Pre-Feasibility Study on a minimum two-million-ounce gold resource. Newmont would then have increased its ownership in the designated project to 80%.

The Company and Newmont will then form a joint venture on a respective 20:80 basis whereby the Company can maintain its equity interest in the project or elect to have Newmont fund a positive NI 43-101 compliant Feasibility Study and reduce the Company’s equity interest to 15%. At any point after the alliance period, the Company may elect to convert its equity interest in any project to a 2.0% NSR royalty of which 0.5% NSR royalty can be purchased for up to US\$10.0 million.

On April 10, 2020, the Company and Newmont have both agreed to terminate the alliance agreement. As at termination date, the Company received \$822,144 in exploration expenditure advances from Newmont of which \$nil was outstanding as of December 31, 2020 (2019 - \$nil).

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## **Mineral Property Interests- Continued**

- **Astro:** On March 6, 2019, the Company announced the designation of the Astro project for option from the Newmont alliance. The 250-square-kilometre Astro project is located six kilometres north of the Mile 222 airstrip and 195 kilometres northeast of Ross River along the Canol Road in the Northwest Territories, providing seasonal road access to the southern boundary of the property.

The Company received the option payment of US\$200,000 from Newmont due upon assignment in April 2019. The option agreement was terminated on April 10, 2020. As at termination date, the Company received \$1,607,760 for the 2019 exploration program of which \$nil (2019- \$91,358) was outstanding as of December 31, 2020.

The Company has placed a reclamation bond of \$40,834 (2019 - \$40,834) for the property. Newmont retained a 2.0% NSR royalty on all minerals produced from the project of which 0.5% NSR royalty can be purchased for up to US\$10.0 million.

No work programs were conducted on the Astro property for the year ended December 31, 2020.

## **VI. Other Projects**

On February 23, 2021, the Company announced that it has acquired three land positions in the Nechako Plateau targeting Blackwater-Davidson like intermediate sulfidation epithermal gold systems covered by shallow glacial till. Surficial mapping and till sampling will be used in conjunction with geophysics to advance these projects to a drill ready stage.

### ***United States Portfolio***

- I. **Silicon:** The Silicon project is located in Bare Mountain mining district, Nye County, Nevada.
  - (a) **Acquisition Agreement:** On February 20, 2015, the Company entered into a royalty agreement with Altius (formerly Callinan Royalties Corporation) whereby the Company retained 100% ownership of the Silicon property, discovered through an alliance between the Company and Altius pursuant to an October 22, 2013 alliance agreement, for a 1.5% NSR royalty payable to Altius.

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## **Mineral Property Interests- Continued**

(b) *Sale Agreement:* On May 1, 2017, the Company entered into an option agreement with AngloGold Ashanti NA (“AngloGold”) whereby AngloGold may acquire 100% interest in the Silicon project by making aggregate payments of US\$3.0 million over three years. In addition, the 1.5% royalty obligation payable to Altius was transferred to AngloGold. The Company also retains a 1.0% NSR royalty on future production from the project. On June 3, 2020, AngloGold exercised its option to acquire 100% of the project by making the final payment of US\$2.4 million.

(c) *Project Update:*

In their 2020 Integrated Report published on February 22, 2021, AngloGold reported that one RC hole was completed at the beginning of the year before the program was shut down due to Covid-19 protection measures. The project was restarted in Q3-2020 following the receipt of a Plan of Operations permit from the BLM and 9,728 metres of combined reverse circulation (“RC drilling”) and Core drilling were completed. Core drilling also began on the south end of the project at the Merlin Target.

In their 2019 Integrated Report published on February 21, 2020, AngloGold reported 8,008 metres of RC drilling and 3,300 metres of diamond drilling were completed in 2019. Ground magnetics, IP, and gravity surveys were also completed on the project.

II. **Yamana Alliance:** On October 19, 2018, the Company signed a three-year exploration alliance with a subsidiary of Yamana Gold Inc. (“Yamana”). The alliance allows the Company royalty free access to Yamana’s dataset in the western United States for gold and base metal project generation.

During the alliance period, the Company will compile a fully digital and comprehensive dataset to generate new targets and ideas within the designated area. Should the Company acquire a project within the designated area, Yamana will have the exclusive right for 60 days to enter into an option agreement to earn a 75% interest on terms as follows:

- Within the first two years, Yamana will fund (at least) US\$1,000,000 for initial exploration expenditures, including any acquisition or land staking costs;
- Solely fund additional exploration expenditures between years 3 and 10, or until such time as Yamana has defined a NI 43-101 compliant Pre-Feasibility Study on a minimum one million ounce gold equivalent resource;
- Make a cash payment of US\$150,000 upon signing the option agreement and additional payments of US\$100,000 on the first, second and third anniversaries;

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## Mineral Property Interests- Continued

- Upon Yamana earning its interest and the formation of a joint venture, Yamana and the Company will jointly fund programs on a respective 75%/25% basis;
- Should the Company's interest in a project fall below 10%, its interest will convert to a 2.5% NSR royalty of which 1.25% NSR royalty can be purchased by Yamana prior to production for US\$5.0 million; and
- The Company will be operator during the first US\$10.0 million of exploration expenditures. The option period is independent of the alliance period and may extend beyond the three-year term. At the end of the alliance, both parties will retain a copy of the digital database.

**III. Jupiter:** The Jupiter project is located in Nye County, Nevada. The Company holds 100% interest in the project subject to a 1.0% NSR royalty to Altius.

(a) *Option Agreement:* On November 30, 2017, the Company entered into an earn-in agreement with Ramelius Resources Ltd. ("Ramelius"), whereby Ramelius can earn a 75% interest in the project by:

- making a cash payment of US\$25,000 upon signing the agreement (received); and
- funding a total of US\$3.0 million in exploration expenditures over a five-year period. If a production decision is made in respect of the project, the Company must either contribute to ongoing joint venture expenditures in proportion to its ownership interest, dilute to a royalty interest, or allow Ramelius to provide project financing for the Company, whereby Ramelius may increase its project interest to 80%.

(b) *Project Update:*

Ramelius completed 3533 metres of RC drilling in 17 holes on the project between 2017 and 2019. Thirteen of the holes were drilled along a 1.4 kilometre fence in the north eastern portion of the project where a broad zone of low grade gold mineralization was intercepted near the Tertiary unconformity. The highest intercept in the drill program was 9.14 metres grading 1.10 g/t gold.

On March 3, 2021, both the Company and Ramelius terminated the agreement.

**IV. Maggie Creek:** The Maggie Creek project is located in Eureka County, Nevada.

(a) *Acquisition Agreement:* On August 20, 2015 the Company acquired the Maggie Creek project from Wolfpack Gold (Nevada) Corporation ("Wolfpack") in exchange for a 1.0% NSR royalty that can be bought down for US\$1.5 million, or fractions thereof at the pro-rata cost, at any time during the term of the agreement. In addition, a 2.0% NSR royalty is payable to EMX Royalty Corp. pursuant to a pre-existing deed of royalties.

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## Mineral Property Interests- Continued

- (b) *Option Agreement:* On February 15, 2019, the Company entered into an earn-in agreement with US Gold Corp. (formerly Orevada Metals Inc.) (“US Gold”) whereby US Gold can earn a 70% interest in the project. The agreement was subsequently amended on December 17, 2019 to postpone the First and Second Work Obligation to June 15, 2021.

To earn a 50% interest in the project, US Gold is to required to pay US\$17,034 for BLM fees when the agreement was signed (received) and incur US\$4.5 million in exploration expenditures by with the according to the following schedule:

|  | Cash payments<br>(US\$) | Status   | Minimum<br>aggregate work<br>expenditure<br>(US\$) | Status |
|--|-------------------------|----------|--|--------|
| Effective Date   | \$32,034*               | Received | -  | -      |
| June 15, 2021 (1 <sup>st</sup><br>anniversary) “First Work<br>Obligation”  | -                       |          | \$100,000  |        |
| June 15, 2021 (2 <sup>nd</sup><br>anniversary) “Second Work<br>Obligation” | -                       |          | \$200,000  |        |
| February 15, 2022 (3 <sup>rd</sup><br>anniversary)                         | -                       |          | \$500,000  |        |
| February 15, 2023 (4 <sup>th</sup><br>anniversary)                         | -                       |          | \$700,000  |        |
| February 15, 2024 (5 <sup>th</sup><br>anniversary)                         | -                       |          | \$1,000,000  |        |
| February 15, 2025 (6 <sup>th</sup><br>anniversary)                         | -                       |          | \$1,000,000  |        |
| February 15, 2026 (7 <sup>th</sup><br>anniversary)                         | -                       |          | \$1,000,000  |        |
| Completion of exploration<br>minimum expenditure<br>requirements           | \$250,000               |          |  |        |
| <b>Total</b>   | <b>\$282,034</b>        |          | <b>\$4,500,000</b>                                 |        |

\*Includes \$15,000 for initial option payment and \$17,034 for reimbursement of claim fees.

Upon completing the initial earn-in expenditures, US Gold shall vest its 50% interest by paying the Company US\$250,000, up to US\$125,000 of which may be paid in shares of US Gold, provided such shares are listed on Toronto Stock Exchange, TSX Venture Exchange or Canadian Stock Exchange (or their equivalent), at US Gold’s sole election.

US Gold can earn an additional 20% interest in the project by producing a Feasibility Study.

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## Mineral Property Interests- Continued

(c) *Project Update:*

On February 23, 2021, US Gold has submitted a Notice of Intent for a spring 2021 drill program. The program is planned to test the northeast extension of the Chukar-Alunite fault zone under post-mineral cover. This structural corridor is one of the primary controls on Nevada Gold Mines' adjacent Gold Quarry deposit where it hosts more than 25 million ounces of gold<sup>1</sup>.

V. **Spring Peak:** The Spring Peak project is located in Mineral County, Nevada.

(a) *Acquisition Agreement:* On January 20, 2012, as amended on September 5, 2013 and April 12, 2016, the Company entered into mineral lease and option to purchase agreements with Gregory J. Kuzma and Heidi A. Kuzma (the "Kuzma Lease"). The Company is required to make cash payments according to the following milestones:

|   | Cash payments (US\$)  | Status      |
|---|-----------------------|-------------|
| January 20, 2012 (Execution Date)                               | \$10,000              | <i>Paid</i> |
| January 20, 2013 (1 <sup>st</sup> anniversary)                  | \$10,000              | <i>Paid</i> |
| October 5, 2013 (30 days after Amendment Date)                  | \$12,500              | <i>Paid</i> |
| 30 day after Permit Date- December 13, 2019                     | \$20,000              | <i>Paid</i> |
| December 13, 2020- 1 <sup>st</sup> anniversary of Permit Date*  | \$30,000              | <i>Paid</i> |
| December 13, 2021- 2 <sup>nd</sup> anniversary of Permit Date*  | \$40,000              |             |
| 3 <sup>rd</sup> -11 <sup>th</sup> anniversaries of drill permit | \$50,000/anniversary  |             |
| 12th anniversary to termination                                 | \$60,000/ anniversary |             |

The Company has the option to purchase the Spring Peak project for US\$500,000 within one year following the completion of a technical report that documents a minimum 500,000-ounce gold equivalent inferred resource. The Kuzma Lease is subject to a 2.5% NSR royalty, of which 1.5% of the NSR royalty may be repurchased for US\$1.5 million.

(b) *Option Agreement:* On January 17, 2019, the Company entered into an earn-in agreement with OceanaGold (US) Inc. ("OceanaGold") whereby OceanaGold can earn a 51% interest in the project by making total cash payments of US\$215,000 and incur total exploration expenditures of US\$4.0 million according to the following schedule:

<sup>1</sup> Muntean, J.L., 2020, Carlin-Type Gold Deposits in Nevada: Geologic Characteristics, Critical Processes, and Exploration, SEG Special Publication no. 23, pp. 775-795

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## Mineral Property Interests- Continued

|   | Cash payments (US\$) | Status   | Minimum aggregate work expenditure (US\$) | Status   |
|---|----------------------|--|---|--|
| January 17, 2019 (Effective Date)                 | \$15,000             | <i>Received</i>                                | -   | -  |
| January 17, 2020 (1 <sup>st</sup> anniversary)    | \$25,000             | <i>Received</i>                                | \$150,000                                 | <i>Agreement terminated- February 10, 2021</i> |
| January 17, 2021 (2 <sup>nd</sup> anniversary)    | \$25,000             | <i>Agreement terminated- February 10, 2021</i> | \$100,000                                 | <i>Agreement terminated- February 10, 2021</i> |
| January 17, 2022 (3 <sup>rd</sup> anniversary)    | \$50,000             | -  | \$100,000                                 | -  |
| January 17, 2023 (4 <sup>th</sup> anniversary)    | \$50,000             | -  | \$100,000                                 | -  |
| January 17, 2024 (5 <sup>th</sup> anniversary)    | -                    | -  | \$100,000                                 | -  |
| Oceana earning and being transferred 51% interest | \$50,000             | -  | -   | -  |
| <b>Total</b>                                      | <b>\$215,000</b>     | -  |   | -  |

Upon signing of this agreement, OceanaGold shall apply to the U.S. Forest Service for a permit in OceanaGold's name (or its designated affiliate's name) to carry out drilling activities as described in the plan of operations ("Permit"). If the Permit is granted within the first agreement year, then Oceana shall expend such exploration and development expenditure that:

- aggregates to \$300,000.00 within the 12 months following the grant of the Permit; and
- aggregates to the minimum annual expenditure for that agreement year.

If the Permit is not granted during the first agreement year, OceanaGold may choose to terminate this agreement at any time after having fulfilled the irrevocable obligation by giving written notice to terminate to the Company.

Once the 51% interest has been earned, OceanaGold may elect to exercise an option to earn an additional 24% interest by incurring US\$6.0 million in exploration and development expenditures according to the following schedule:

|   | Minimum annual expenditure (US\$) |
|---|-----------------------------------|
| 1 <sup>st</sup> anniversary of Option Exercise Date | \$500,000                         |
| 2 <sup>nd</sup> anniversary of Option Exercise Date | \$500,000                         |
| 3 <sup>rd</sup> anniversary of Option Exercise Date | \$500,000                         |
| 4 <sup>th</sup> anniversary of Option Exercise Date | \$500,000                         |
| <b>Total</b>  | <b>\$6,000,000</b>                |



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## Mineral Property Interests- Continued

The Company became the operator for the drilling program in August 2020. The Company received \$416,061 or US\$326,764 in exploration expenditure advances from OceanGold during the year. As at December 31, 2020, \$416,061 (2019- \$nil) was outstanding. On February 10, 2021, the option was terminated and outstanding cash advanced was refunded to OceanaGold.

**VI. Tabor (formerly Baby Doe):** the Company holds a 100% interest in the Tabor project, located in Esmeralda County, Nevada.

- a) *Option Agreement:* On August 24, 2020, the Company entered into an earn-in agreement with Au-Reka Gold Corporation, a subsidiary of i-80 Gold Corp. (formerly Premier Gold Mines U.S.A.) ("I-80") whereby I-80 can earn up to a 100% of interest in the project as follows:
- an initial 55% interest can be earned by making US\$200,000 in cash payments and completing US\$5.0 million of exploration expenditures over a four-year period:

|   | Other payments (US\$) | Status   | Option payments (US\$) | Status   | Minimum aggregate work expenditure (US\$) | Status |
|---|-----------------------|----------|------------------------|----------|---|--------|
| August 24, 2020   | -                     |          | \$25,000               | Received | -   |        |
| 30 days before BLM Payment Due Date for 2020/2021 Tabor holdings cost   | \$46,972              | Received | -                      |          | -   |        |
| On or Before August 24, 2021 (1 <sup>st</sup> anniversary)  | -                     |          | -                      |          | \$100,000                                 |        |
| The later of i) August 24, 2021 or 2) the Permit Date   | -                     |          | \$25,000               |          | -   |        |
| 1 <sup>st</sup> anniversary of Permit Date*<br>If the two committed expenditure amounts are not met, the difference between the actual expenditures and the \$300,000 commitment will be paid in cash to the Company.                               | -                     |          | \$50,000               | -        | \$200,000                                 |        |
| Following the 1 <sup>st</sup> anniversary of the Permit Date, minimum annual Expenditures of at least an additional \$150,000 until the earliest of the following: (1) the fourth anniversary of the Permit Date; and (2) Expenditures in the total | -                     |          | -                      |          | -   |        |

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|  |   |                 |                  |  |                    |
|--|---|-----------------|------------------|--|--------------------|
| aggregate amount of \$5,000,000.           |   |                 |                  |  |                    |
| 2 <sup>nd</sup> anniversary of Permit Date | - |                 | \$50,000         |  | \$150,000          |
| 3 <sup>rd</sup> anniversary of Permit Date | - |                 | \$50,000         |  | \$150,000          |
| 4 <sup>th</sup> anniversary of Permit Date | - |                 |                  |  | \$150,000          |
| <b>Total</b>                               |   | <b>\$46,972</b> | <b>\$200,000</b> |  | <b>\$5,000,000</b> |

\*Permit Date means the date the United States Forest Service or Bureau of Land Management, as applicable, approves I-80's notice of intent to conduct exploration activities or exploration plan of operations pursuant to which I-80 is authorized to conduct exploration drilling on the Property.

- the remaining 45% interest can be earned by making a US\$300,000 payment and incurring US\$5.0 million in exploration expenditures:

|   | Cash Payments (US\$) | Minimum aggregate work expenditure (US\$) |
|---|----------------------|---|
| Bump-Up Option Notice   | \$300,000            |   |
| 4 <sup>th</sup> anniversary of Bump-Up Notice- Above and beyond those made as part of the Initial Earn-In Option Payments |                      | \$5,000,000                               |
| <b>Total</b>  | <b>\$300,000</b>     | <b>\$5,000,000</b>                        |

- a payment of US\$500,000 upon completion of the earn in.

I-80 will also assume all obligations on the adjoining Mustang Canyon property, including cash payments of US\$200,000 and a 2.0% NSR royalty to Ely Gold Royalties Inc.

I-80 has to make a further payment of US\$1.0 million upon making a commercial production decision and an additional cash payment equal to US\$7.50 per gold-equivalent ounce in resources and reserves, up to a maximum US\$10.0 million, within 90 days of such decision.

The Company will retain a 3.0% NSR royalty on the Tabor claims and a 1.0% NSR royalty on the Mustang claims. Half of the NSR royalty on all the claims can be repurchased by I-80 for US\$3.0 million.

(b) *Project Update:*

On February 23, 2021, the Company announced that I-80 expanded the project area by an additional 16.9 square-kilometres for a total project area of 25 square-kilometres. I-80 is advancing the project through geologic and alteration mapping supported by radiogenic dating of both host rocks and alteration phases on the project. An airborne magnetics survey is scheduled for 2021 and will be used in

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## Mineral Property Interests- Continued

conjunction with the surface mapping to define drill targets. Permitting is underway in preparation for a 2022 drill program.

### VII. Mustang Canyon

- a) *Acquisition Agreement:* The Company entered into an option agreement with Nevada Select Royalty Inc., a wholly owned subsidiary of Ely Gold Royalties Inc. ("Ely Gold") on June 24, 2020 to purchase 100% of 27 unpatented mining claims of the Mustang Canyon property whereby Ely Gold is the registered and beneficial owner. The total purchase price for the property is US\$200,000 with payments to be made according to the following milestones:

|  | Cash payments (US\$) | Status                                 |
|--|----------------------|--|
| On Signing of Agreement  | \$10,000             | <i>Paid</i>                            |
| Upon signing of a 3 <sup>rd</sup> party agreement related to the Mustang Canyon Project* | \$15,000             | <i>Paid</i>                            |
| 10 business days after Issuance of NS Claims Permit                                      | \$25,000             | <i>Obligation transferred to I-80*</i> |
| 1 <sup>st</sup> anniversary of NS Claims Permit  | \$25,000             | <i>Obligation transferred to I-80*</i> |
| 2 <sup>nd</sup> anniversary of NS Claims Permit  | \$50,000             | <i>Obligation transferred to I-80*</i> |
| 3 <sup>rd</sup> anniversary of NS Claims Permit  | \$75,000             | <i>Obligation transferred to I-80*</i> |
| <b>Total</b>   | <b>\$200,000</b>     |  |

\*Pursuant to the August 24, 2020 option agreement with I-80 on Tabor, I-80 has assumed all obligations on the Mustang Canyon property.

Ely Gold will retain a 2.0% NSR royalty on all properties acquired within Mustang Canyon AOI after the option is exercised.

### VIII. Ecrú: the Company holds 100% interest in the Ecrú property located in Nevada.

- a) *Option Agreement:* On March 8, 2021, the company signed an option agreement with Moneghetti Minerals Limited ("Moneghetti") to option the Ecrú gold project located in Nevada. Moneghetti can acquire a 100% interest in Ecrú by making cash payments of US\$2.5 million, work expenditures of US\$5.0 million over a six-year period according to the following schedule:

|                        | Cash payments (US\$) | Status | Minimum aggregate work expenditure (US\$) | Status |
|------------------------|----------------------|--------|---|--------|
| On signing             | \$25,000             |        | -   |        |
| 18 Months from signing | \$50,000             |        | \$200,000                                 |        |

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|                        |                    |  |                    |  |
|------------------------|--------------------|--|--------------------|--|
| 30 Months from signing | \$50,000           |  | \$500,000          |  |
| 42 Months from signing | \$100,000          |  | \$1,000,000        |  |
| 54 Months from signing | \$100,000          |  | \$2,000,000        |  |
| 66 Months from signing | \$175,000          |  | \$3,000,000        |  |
| 72 Months from signing | \$2,000,000        |  | \$5,000,000        |  |
| <b>Total</b>           | <b>\$2,500,000</b> |  | <b>\$5,000,000</b> |  |

The Company retains a 2.0% NSR royalty on the property. Moneghetti will also make annual payments of US\$50,000 starting on the first year of exercising the option until the project is placed into commercial production. In addition, Moneghetti will pay US\$7.50 per ounce to a maximum US\$7.5 million on all mineral resources and reserves at the time of a production decision.

## IX. Other Projects:

On February 23, 2021, the Company announced that it has acquired three additional land positions including:

- (a) **Pearl String:** is a 16.3 square kilometre high sulfidation epithermal project in the Walker Lane. The project covers a large area of prospective quartz-alunite alteration with limited historic exploration. Undrilled outcropping gold mineralization on the south eastern portion of the project have defined a gold cell where thirteen rock samples taken from a fine grained ashy tuff range in grade from 0.16 to 12 g/t gold with an average of 3.6 g/t;
- (b) **Kalium Canyon:** is a 6.5 square kilometre low sulfidation epithermal project in the Walker lane. Surface mapping has identified a large undrilled zone of steam heated alteration with anomalous mercury mineralization. The project is geologically similar to the Company's Silicon discovery 130 kilometres to the southeast; and
- (c) **Callaghan:** is a 15.7 square kilometre Carlin-type gold project southwest of Nevada Gold Mine's Cortez Camp. Isolated outcrops of lower plate carbonates display Carlin-type alteration and geochemistry running from detection limit to 0.7 ppm gold. A large area of prospective shallow alluvial cover is being targeted for further exploration.

These projects are being advanced to a drill ready stage with ground-based geophysics, geologic mapping, and surface sampling.

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## **Mineral Property Interests- Continued**

### **Government Grant**

During the period, the Company received a grant of \$58,540 from the Northwest Territories Government for early-stage generative exploration in the area, which was set off against the generative exploration.

### **Technical Disclosure**

All technical disclosure covering the Company's mineral properties was prepared under the supervision of Daniel Pace, Vice President, Exploration for Evrim. Mr. Pace is a Registered member number 4202658 of the Society for Mining, Metallurgy, and Exploration and a Qualified Person under the definition of NI 43-101.

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## Mineral Property Interests- Continued

The following table summarizes the exploration undertaken on the Company's properties during the years ended December 31, 2020 and 2019. Results for minor properties which are not subject to option or alliance agreements have been aggregated to permit presentation of the results for the comparable period in the previous fiscal year.

|                                    | Mexico Portfolio |                 |                  |                  |                  |                  |                 |                  |                  |                   |
|------------------------------------|------------------|-----------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|-------------------|
|                                    | Cerro            |                 | Llano del        |                  |                  | Mexico           |                 |                  | Total            |                   |
|                                    | Cascarón         | Sarape          | La Lola          | Nogal            | Badesi           | Cuale            | Cumaro          | Generative       |                  | La Joya           |
| <b>Camp and support</b>            | 90               | 9,751           | 378              | 1,732            | 654              | 558              | 92              | 1,391            | 1,507            | <b>16,151</b>     |
| <b>Aircraft and helicopters</b>    | -                | -               | -                | -                | -                | -                | -               | -                | -                | -                 |
| <b>Chemical analysis</b>           | 533              | 6,129           | -                | 1,384            | 3,242            | 3,009            | -               | 5,176            | -                | <b>19,474</b>     |
| <b>Data management and maps</b>    | 94               | 2,805           | 188              | 1,155            | 1,987            | -                | -               | 704              | 1,086            | <b>8,019</b>      |
| <b>Drilling and trenching</b>      | -                | -               | -                | -                | -                | -                | -               | -                | -                | -                 |
| <b>Community relations</b>         | -                | -               | -                | -                | -                | 4,828            | -               | -                | -                | <b>4,828</b>      |
| <b>Geological services</b>         | 1,776            | 32,216          | 310              | 15,479           | 13,393           | 2,691            | 432             | 9,148            | 84,397           | <b>159,842</b>    |
| <b>Geophysical surveys</b>         | -                | 11,082          | -                | -                | -                | -                | -               | -                | -                | <b>11,082</b>     |
| <b>Materials and supplies</b>      | -                | 4,572           | -                | 578              | 401              | 51               | -               | 130              | 21               | <b>5,752</b>      |
| <b>Project management</b>          | -                | -               | -                | -                | -                | -                | -               | -                | -                | -                 |
| <b>Recording and filing</b>        | 24,203           | 4,355           | 5,519            | 25,342           | -                | -                | 966             | -                | 6,360            | <b>66,744</b>     |
| <b>Reclamation</b>                 | -                | -               | -                | -                | -                | -                | -               | -                | -                | -                 |
| <b>Travel</b>                      | -                | 4,843           | -                | 250              | 1,439            | 657              | -               | 549              | 2,601            | <b>10,340</b>     |
| <b>Permitting</b>                  | -                | -               | -                | -                | -                | -                | -               | -                | -                | -                 |
| <b>Legal</b>                       | 4,122            | -               | 6,656            | 1,531            | -                | 11,623           | -               | 5,130            | -                | <b>29,062</b>     |
| <b>Misc</b>                        | -                | 438             | -                | 435              | 55               | 7                | -               | 251              | 1,339            | <b>2,526</b>      |
| <b>Foreign exchange adjustment</b> | -                | -               | -                | -                | -                | -                | -               | -                | -                | -                 |
| <b>Total</b>                       | <b>\$ 30,818</b> | <b>\$76,191</b> | <b>\$ 13,050</b> | <b>\$ 47,885</b> | <b>\$ 21,172</b> | <b>\$ 23,424</b> | <b>\$ 1,490</b> | <b>\$ 22,480</b> | <b>\$ 97,312</b> | <b>\$ 333,822</b> |
| <b>Percentage of grand total</b>   | <b>3%</b>        | <b>7%</b>       | <b>1%</b>        | <b>4%</b>        | <b>2%</b>        | <b>2%</b>        | <b>0%</b>       | <b>2%</b>        | <b>9%</b>        | <b>30%</b>        |

Projects continued next page

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## Mineral Property Interests- Continued

|                                  | United States Portfolio |             |                   |               |             |                  |                   |                 |                 |                  |                  |                  |                   | Total US          |
|----------------------------------|-------------------------|-------------|-------------------|---------------|-------------|------------------|-------------------|-----------------|-----------------|------------------|------------------|------------------|-------------------|-------------------|
|                                  | Yamana Alliance         | Jupiter     | Spring Peak       | Tabor         | Ecru        | Pearl String     | Wyoming           | Ghost Ranch     | Chuck           | Kalium           | Jake Creek       | US Generative    | Other             |                   |
| Camp and support                 | 48                      | -           | 6                 | 10            | -           | 51               | 5,253             | 24              | -               | 15               | -                | 448              | 771               | 6,627             |
| Aircraft and helicopters         | -                       | -           | -                 | -             | -           | -                | -                 | -               | -               | -                | -                | -                | -                 | -                 |
| Chemical analysis                | -                       | -           | -                 | 844           | -           | 10,707           | 4,986             | -               | 806             | 6,521            | 19,939           | 17,160           | 7,814             | 68,778            |
| Data management and maps         | 330                     | -           | -                 | -             | -           | 106              | 4,681             | -               | -               | -                | -                | 8,636            | 252               | 14,006            |
| Drilling and trenching           | -                       | -           | 227,690           | -             | -           | -                | -                 | -               | -               | -                | -                | -                | -                 | 227,690           |
| Community relations              | -                       | -           | -                 | -             | -           | -                | -                 | -               | -               | -                | -                | -                | -                 | -                 |
| Geological services              | 1,619                   | -           | 25,859            | -             | -           | 13,539           | 91,650            | -               | -               | 1,818            | -                | 23,431           | 805               | 158,721           |
| Geophysical surveys              | -                       | -           | -                 | -             | -           | 22,940           | -                 | -               | -               | -                | -                | -                | -                 | 22,940            |
| Materials and supplies           | -                       | -           | -                 | -             | -           | -                | 6,640             | -               | -               | -                | -                | 14               | -                 | 6,654             |
| Project management               | -                       | -           | -                 | -             | -           | -                | -                 | -               | -               | -                | -                | -                | -                 | -                 |
| Recording and filing             | -                       | -           | -                 | -             | -           | -                | -                 | -               | -               | -                | -                | -                | -                 | -                 |
| Reclamation                      | -                       | -           | -                 | -             | -           | -                | -                 | -               | -               | -                | -                | -                | (16,649)          | (16,649)          |
| Travel                           | -                       | -           | 3,523             | -             | -           | 9,408            | 5,166             | -               | 1,192           | 1,634            | -                | 12,065           | 977               | 33,966            |
| Permitting                       | -                       | -           | -                 | -             | -           | -                | -                 | 1,308           | 1,206           | 544              | -                | -                | -                 | 3,058             |
| Legal                            | -                       | -           | -                 | -             | -           | -                | -                 | -               | -               | -                | -                | -                | -                 | -                 |
| Misc                             | -                       | -           | -                 | -             | -           | -                | 35                | -               | -               | -                | -                | -                | -                 | 35                |
| Foreign exchange adjustment      | -                       | -           | -                 | -             | -           | -                | -                 | -               | -               | -                | -                | -                | -                 | -                 |
| <b>Total</b>                     | <b>\$ 1,997</b>         | <b>\$ -</b> | <b>\$ 257,079</b> | <b>\$ 854</b> | <b>\$ -</b> | <b>\$ 56,751</b> | <b>\$ 118,411</b> | <b>\$ 1,332</b> | <b>\$ 3,203</b> | <b>\$ 10,532</b> | <b>\$ 19,939</b> | <b>\$ 61,754</b> | <b>\$ (6,029)</b> | <b>\$ 525,825</b> |
| <b>Percentage of grand total</b> | <b>0%</b>               | <b>0%</b>   | <b>23%</b>        | <b>0%</b>     | <b>0%</b>   | <b>5%</b>        | <b>11%</b>        | <b>0%</b>       | <b>0%</b>       | <b>1%</b>        | <b>2%</b>        | <b>6%</b>        | <b>-1%</b>        | <b>47%</b>        |

Projects continued next page

# OROGEN ROYALTIES INC.

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Management Discussion & Analysis

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## Mineral Property Interests- Continued

|                             | Canada Portfolio |                 |               |                  |                     |                  |                 |                  |                  |                      | Grand Total         |                 |
|-----------------------------|------------------|-----------------|---------------|------------------|---------------------|------------------|-----------------|------------------|------------------|----------------------|---------------------|-----------------|
|                             | Ball<br>Creek    | Axe             | Lemon<br>Lake | Trek 31          | Newmont<br>Alliance |                  | Astro           | Jacobite         | Milligan<br>West | Canada<br>Generative |                     | Total<br>Canada |
| Camp and support            | 727              | -               | -             | 3,293            | -                   | -                | -               | 238              | 7,137            | 2,057                | 13,453              | 36,231          |
| Aircraft and helicopters    | 6,468            | -               | -             | -                | -                   | -                | -               | -                | -                | -                    | 6,468               | 6,468           |
| Chemical analysis           | 2,826            | -               | -             | (1,046)          | -                   | 159              | -               | -                | 2,870            | 493                  | 5,302               | 93,555          |
| Data management and maps    | 12,768           | 656             | -             | 5,878            | 283                 | 1,249            | -               | -                | 2,413            | 7,623                | 30,869              | 52,894          |
| Drilling and trenching      | -                | -               | -             | -                | -                   | -                | -               | -                | -                | -                    | -                   | 227,690         |
| Community relations         | 3,194            | -               | 48            | 3,567            | -                   | 1,721            | -               | -                | 1,981            | 506                  | 11,017              | 15,845          |
| Geological services         | 27,870           | 541             | 756           | 40,542           | -                   | 4,501            | 900             | -                | 73,064           | 64,662               | 212,834             | 531,397         |
| Geophysical surveys         | -                | -               | -             | (1,000)          | -                   | -                | -               | -                | -                | -                    | (1,000)             | 33,022          |
| Materials and supplies      | 124              | -               | -             | 346              | -                   | -                | -               | -                | 558              | 403                  | 1,431               | 13,837          |
| Project management          | -                | -               | -             | (210)            | -                   | -                | -               | -                | 5,898            | -                    | 5,688               | 5,688           |
| Recording and filing        | 2,575            | -               | -             | -                | -                   | -                | -               | -                | -                | -                    | 2,575               | 69,319          |
| Reclamation                 | -                | -               | -             | -                | -                   | 17,200           | -               | -                | -                | -                    | 17,200              | 551             |
| Travel                      | 3,167            | -               | -             | 2,163            | -                   | -                | -               | 87               | 1,454            | 2,737                | 9,608               | 53,914          |
| Permitting                  | -                | -               | -             | -                | -                   | -                | -               | -                | -                | -                    | -                   | 3,058           |
| Legal                       | -                | -               | -             | -                | -                   | -                | -               | -                | -                | -                    | -                   | 29,062          |
| Misc                        | 377              | -               | -             | 455              | -                   | -                | -               | -                | 622              | 260                  | 1,713               | 4,274           |
| Foreign exchange adjustment | -                | -               | -             | -                | -                   | -                | -               | -                | -                | -                    | -                   | (69,593)        |
| <b>Total</b>                | <b>\$ 60,096</b> | <b>\$ 1,197</b> | <b>\$ 803</b> | <b>\$ 53,988</b> | <b>\$ 283</b>       | <b>\$ 24,830</b> | <b>\$ 1,225</b> | <b>\$ 95,997</b> | <b>\$ 78,740</b> | <b>\$ 317,158</b>    | <b>\$ 1,107,212</b> |                 |
| Percentage of grand total   | 5%               | 0%              | 0%            | 5%               | 0%                  | 2%               | 0%              | 9%               | 7%               | 29%                  | 100%                |                 |



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## Trends

Seasonality and market fluctuations may impact Company's expenditures. Exploration activities are carried out in Mexico, United States and Canada and consist of expenses incurred on mineral property operations, administration, and business development.

The level of spending is largely determined by the Company's ability to secure financing through the issuance of equity or debt, the sale of assets and joint venture or alliance agreements with industry partners.

## Plan of Arrangement

On June 9, 2020, the Company entered into a friendly merger of equals transaction with Renaissance, a company listed on the Exchange under the symbol REN. The transaction was completed through a Plan of Arrangement (the "Arrangement") on August 18, 2020, whereby the Company acquired Renaissance.

The identifiable assets and liabilities of Renaissance as of August 18, 2020 were as follows:

|  |                      |
|--|----------------------|
| <b>Assets Acquired</b>                   |                      |
| Cash and cash equivalents                | \$ 4,714,526         |
| Marketable securities                    | 9,382                |
| Amounts receivable                       | 30,815               |
| Prepaid expenses and deposits            | 25,284               |
| Equipment                                | 40,658               |
| Reclamation bond                         | 28,322               |
| Right of use assets                      | 205,079              |
|  | <hr/>                |
|  | 5,054,066            |
| <b>Liabilities Assumed</b>               |                      |
| Accounts payable and accrued liabilities | (320,515)            |
| Current operating lease liabilities      | (102,721)            |
| Joint venture partner deposits           | (80,105)             |
| Long term operating lease liabilities    | (105,585)            |
|  | <hr/>                |
|  | (608,926)            |
| <b>Net Assets Acquired</b>               | <b>\$ 4,445,140</b>  |
| <b>Consideration</b>                     |                      |
| Orogen shares issued (86,808,513)        | 42,874,725           |
| Orogen options issued (6,486,152)        | 471,606              |
| Orogen warrants issued (23,283,387)      | 2,486,589            |
| Orogen finders' warrants issued (18,672) | 2,043                |
|  | <hr/>                |
| <b>Total Equity Consideration</b>        | <b>\$ 45,834,963</b> |
| Transaction cost                         | 311,182              |
| <b>Total Cost of Acquisition</b>         | <b>46,146,145</b>    |
|  | <hr/>                |
| <b>Net Acquisition Cost</b>              | <b>\$ 41,701,005</b> |

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## **Plan of Arrangement- Continued**

Renaissance shareholders exchanged all issued and outstanding common shares, options and warrants at a ratio of one (1) common share, option, or warrant for 1.2448 (the “Exchange Ratio”) common shares, options or warrants of the Company. As a result, the Company issued 86,808,513 common shares with a total fair value of \$42,874,725 or \$0.49 per share. In addition, the Company issued 6,486,152 replacement stock options and 23,302,059 replacement warrants.

The total consideration for acquiring a 100% interest in Renaissance was \$45,834,963. For accounting purposes, the acquisition has been recoded as an asset acquisition as Renaissance did not meet the definition of a business, as defined in IFRS 3 *Business Combination*. Accordingly, the Company applied the principles of IFRS 6 *Exploration for Evaluation of Mineral Resources* in accounting for the acquisition.

For the year ended December 31, 2020, the Company recorded a fair value adjustment of \$41,701,005 in recognition of the Arrangement. The fair value adjustment relates to the value of mineral properties and given the Company’s accounting policy is to expense acquisition costs, the adjustment is recorded in the statement of loss and comprehensive loss.

## **Financial Results**

### **Year ended December 31, 2020 and 2019:**

For the year ended December 31, 2020 (“2020”), the Company incurred a net loss of \$45,597,439 (\$0.39 per share) compared to a net loss of \$3,232,856 for the year ended December 31, 2019 (“2019”), resulting in a variance of \$42,364,583. This variance was mainly due to the following:

- I. **Net Revenue:** net revenue for the year ended December 31, 2020 was \$240,197 (2019 - \$553,772) which included \$239,581 (2019 - \$363,403) earned from option agreements and \$616 (2019- \$190,369) earned from project management of exploration programs. Exploration activities and project transactions were lower in 2020 resulting in overall lower net revenue;
- II. **Exploration expenditures:** the Company expensed \$1,107,212 (2019 - \$3,545,209) in exploration expenditures during the year, resulting in a variance of \$2,434,997 compared to 2019. This was due to lower exploration activities across all categories compared to previous year:

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Year Ended December 31, 2020

(Expressed in Canadian Dollars)

## Financial Results- Continued

|                             | Mexico     | Canada     | US         | Year Ended December 31, |              |
|-----------------------------|------------|------------|------------|-------------------------|--------------|
|                             |            |            |            | 2020                    | 2019         |
| Camp and support            | 16,151     | 13,453     | 6,627      | <b>36,231</b>           | 167,978      |
| Aircraft and helicopters    | -          | 6,468      | -          | <b>6,468</b>            | 403,409      |
| Chemical analysis           | 19,474     | 5,302      | 68,778     | <b>93,555</b>           | 262,327      |
| Data management and maps    | 8,019      | 30,869     | 14,006     | <b>52,894</b>           | 145,015      |
| Drilling and trenching      | -          | -          | 227,690    | <b>227,690</b>          | 506,537      |
| Community relations         | 4,828      | 11,017     | -          | <b>15,845</b>           | 94,284       |
| Geological services         | 159,842    | 212,834    | 158,721    | <b>531,397</b>          | 1,368,982    |
| Geophysical surveys         | 11,082     | (1,000)    | 22,940     | <b>33,022</b>           | 192,407      |
| Materials and supplies      | 5,752      | 1,431      | 6,654      | <b>13,837</b>           | 50,169       |
| Project management          | -          | 5,688      | -          | <b>5,688</b>            | 1,149        |
| Recording and filing        | 66,744     | 2,575      | -          | <b>69,319</b>           | 185,818      |
| Reclamation                 | -          | 17,200     | (16,649)   | <b>551</b>              | -            |
| Travel                      | 10,340     | 9,608      | 33,966     | <b>53,914</b>           | 167,494      |
| Permitting                  | -          | -          | 3,058      | <b>3,058</b>            | -            |
| Legal                       | 29,062     | -          | -          | <b>29,062</b>           | -            |
| Misc                        | 2,526      | 1,713      | 35         | <b>4,274</b>            | -            |
| Foreign exchange adjustment | -          | -          | -          | <b>(69,593)</b>         | -            |
|                             | \$ 333,822 | \$ 317,158 | \$ 525,825 | \$ 1,107,212            | \$ 3,545,569 |

- III. **Acquisition Expenditures:** the Company expensed \$42,103,466 (2019 - \$227,222) in acquisition expenditures for the year ended December 31, 2020 which was made up of \$41,701,005 (2019 - \$nil) related to Renaissance's acquisition in accordance with the Arrangement and \$402,461 (2019 - \$227,222) related to mineral project acquisitions as part of the Company's ordinary operations;
- IV. **Exploration reimbursements:** the Company received \$17,508 (2019 - \$2,423,543) in reimbursements from its JV partners on exploration activities during 2020, representing a variance of \$2,406,035 compared to 2019. This was due to lower exploration activities during the year; and
- V. **Overhead and G&A:** the Company reported \$2,782,252 (2019 - \$2,6891,567) in total overhead costs for 2020, representing a variance of \$100,685 compared to 2019 and this was mainly due to:
- (a) **Salary and support services:** the Company recorded \$1,723,107 for salaries and support services in 2020 compared to \$1,389,927 in 2019, representing a variance of \$333,180. The increase in cost was due to the addition of staff as a result of the Arrangement;

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## Financial Results- Continued

- (b) **Share-based compensation:** On November 24, 2020, the Board of Directors approved a grant of 500,000 stock options (2019 - 1,200,000) at an exercise price of \$0.33 per share (2019 - \$0.32 per share) for a period of five years. The options vest over a four-year period. The total share-based compensation expense charged against operations for the year ended December 31, 2020 was \$151,469 (2019 - \$244,040). Share-based compensation related to forfeited options of \$72,362 (2019 - \$150,752) was derecognized during the year ended December 31, 2020, by setting off against share-base compensation cost and contributed surplus. Net share-based compensation expensed recognized during the year was \$79,107 (2019 - \$244,040); and
- (c) **Travel:** travel expenses were significantly reduced during 2020 due to the Covid-19 pandemic. The Company recorded travel expense of \$21,579 (2019 - \$157,844), representing a \$136,265 reduction from previous 2019.

### 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.

|                        | <u>2020</u>  |                 |              |              |
|------------------------|--------------|-----------------|--------------|--------------|
|                        | <u>Q4</u>    | <u>Q3</u>       | <u>Q2</u>    | <u>Q1</u>    |
| <b>Revenues</b>        | \$ 132,816   | \$ 104,409      | \$ 2,356     | \$ 616       |
| <b>Net gain/(loss)</b> | \$ (899,227) | \$ (43,432,249) | \$ (556,113) | \$ (709,850) |
| <b>Loss per share</b>  | \$ (0.01)    | \$ (0.29)       | \$ (0.01)    | \$ (0.01)    |

|                        | <u>2019</u>    |              |              |              |
|------------------------|----------------|--------------|--------------|--------------|
|                        | <u>Q4</u>      | <u>Q3</u>    | <u>Q2</u>    | <u>Q1</u>    |
| <b>Revenues</b>        | \$ 12,213      | \$ 168,591   | \$ 55,370    | \$ 317,598   |
| <b>Net gain/(loss)</b> | \$ (1,055,341) | \$ (798,334) | \$ (700,276) | \$ (678,905) |
| <b>Loss per share</b>  | \$ (0.01)      | \$ (0.01)    | \$ (0.01)    | \$ (0.01)    |

The differences shown above are primarily the result of variations in factors such as partner funding, project acquisition, sale of property rights and timing differences. The Company has a portfolio of exploration properties on which it has undertaken significant exploration as well as paying on-going claim maintenance costs.

Total revenues were lower during the year ended December 31, 2020 compared to 2019 and this was due to lower transactional activities on optioning of projects. These activities were much lower during the first half of 2020 as the Company focused its resources on completing the Arrangement which closed during Q3-2020.

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## Summary of Quarterly Results- Continued

Net loss reported in Q3-2020 was significant compared to the other quarters and this was due to an acquisition cost of \$41,701,005 recognized as a result of the Arrangement. Notwithstanding the acquisition cost, loss reported in Q4-2020 was higher than previous quarters as the Company increased mineral acquisition and operation activities in addition to higher overall G&A and overhead costs after closing of the Arrangement.

### 1.6 Liquidity

The Company's cash and cash equivalents at December 31, 2020, were \$3,617,103 compared to \$3,546,972 at December 31, 2019. Short-term investments at December 31, 2020, were \$7,166,726 (2019 - \$6,058,805). The Company had working capital of \$10,424,884 at December 31, 2020, compared to working capital of \$9,664,855 at December 31, 2019. The increase in working capital in 2020 was due to cash, cash equivalents, and short-term investments acquired from the Arrangement. Other activities that impacted liquidity include:

- I. **Joint venture advances:** as at December 31, 2020, \$592,029 (2019 - \$91,358) of working capital were from joint venture partner advances and are reserved for exploration expenditures of the joint ventured projects;
- II. **Cashflow:** during the year ended December 31, 2020, \$3,789,241 (2019 - \$4,481,823) of net cash flow was used in operating activities, \$1,162,262 (2019 - inflow \$776,952) was used in investing activities, and \$4,973,437 (2019 - \$194,125) was provided by financing activities. The Company acquired net cash of \$4,403,341 from the Arrangement;
- III. **Cash and cash equivalents:** include \$1,867,101 (2019 - \$796,972) in the operating bank accounts and \$1,750,002 (\$2,750,000) of short term guaranteed investment certificates that are cashable within six to twelve months;
- IV. **Accounts receivable:** the Company reported accounts receivable of \$398,927 (2019 - \$346,551) as at December 31, 2020. Trade receivables of \$98,854 (2019 - \$nil) are current (less than 30 days). Current tax receivable of \$300,073 (2019 - \$303,156) is between 90 to 180 days. No allowance for doubtful accounts or impairment has been recognized for these amounts, as the amounts are all considered recoverable;
- V. **Marketable securities:** the Company has \$53,664 (2019 - \$43,000) in marketable securities as at December 31, 2020. These are equity securities received as consideration in connection with joint venture option agreements and can be monetized anytime without restrictions;
- VI. **Liabilities:** the Company reported \$275,755 (2019 - \$248,239) in accounts payable, accrued liabilities and short-term lease liabilities as at December 31, 2020. These balances are considered reasonable for the Company's activities. The Company has no long-term debt; and

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## Liquidity- Continued

VII. **Commitments:** the Company has the following operating commitments:

- (a) The Company has leased premises for its head office at 1201-510 West Hastings Street, Vancouver, British Columbia, effective March 1, 2020 to February 28, 2025. Commitments outstanding for the 2021 fiscal year total \$40,274 for lease and operating costs, and the estimates from 2022 to 2025 total \$137,712.
- (b) The Company has entered into a rental agreement for its administrative offices in Hermosillo, Mexico. The annual rent totals \$21,000. The agreement was for a period of three years and expired on December 31, 2020. The Company extended the term of this lease for another year, expiring on December 31, 2021.
- (c) Through the Arrangement, the Company has a leased office for its Nevada operations at 4750 Longley Lane, Suite 106-107, Reno, Nevada. The lease agreement expires on June 30, 2022. Total rent and estimated operating cost for 2021 and 2022 are \$107,628 and \$54,609, respectively.

|               | <b>Less than one<br/>year</b> | <b>One to four<br/>years</b> | <b>Total</b>      |
|---------------|-------------------------------|------------------------------|-------------------|
| <b>Canada</b> |                               |                              |                   |
| Office Lease  | \$ 40,274                     | \$ 137,712                   | \$ 177,986        |
| Other         | 2,580                         | 3,225                        | 5,805             |
| <b>US</b>     |                               |                              |                   |
| Office Lease  | 107,628                       | 54,609                       | 162,237           |
| <b>Mexico</b> |                               |                              |                   |
| Office Lease  | 22,770                        | -                            | 22,770            |
| Other         | 1,374                         | -                            | 1,374             |
|               | <b>\$ 174,626</b>             | <b>\$ 195,546</b>            | <b>\$ 370,172</b> |

As the Company has no substantial revenues, its ability to fund operations is dependent upon its ability to secure financing through the sale of equity or assets. The value of any mineral property is dependent upon the existence of economically recoverable mineral reserves, or the possibility of discovering such reserves, or proceeds from the disposition of such properties. See Section 1.15 "Risk Factors".

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## 1.7 Capital Resources

The Company had 174,642,284 issued and outstanding common shares as of December 31, 2020, (2019 – 85,295,817).

During the year, the Company issued the following common shares:

### I. Issuance of common shares:

- (a) On August 18, 2020, the Company acquired 68,521,030 common shares representing all the issued and outstanding shares of Renaissance in connection with the Arrangement. As consideration, the Company issued 86,808,513 common shares to former Renaissance shareholders for a total fair value of \$42,874,725 or \$0.49 per share.
- (b) On September 17, 2019, the Company issued 50,000 common shares with a fair value of \$18,750 to Centerra Gold Inc. pursuant to the amended Cumobabi agreement.

### II. Exercise of warrants:

- (a) During the year ended December 31, 2020, 291,283 common share purchase warrants were exercised with an average exercise price of \$0.39 per share for gross proceeds of \$112,319 and \$31,137 was reclassified from contributed surplus to capital stock.

### III. Exercise of stock options:

- (a) During the year ended December 31, 2020, 2,246,671 (2019 - 776,500) stock options were exercised with an average exercise price of \$0.21 per share for gross proceeds of \$477,120 (2019 - \$194,125) and \$212,684 (2019 - \$124,863) was reclassified from contributed surplus to capital stock.

## 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

### *Compensation of key management personnel*

Transactions between the Company and related parties are disclosed below.

#### I. Due to related parties

Included in accounts payable and accrued liabilities at December 31, 2020 was \$303 (2019 - \$8,170).

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## **Transactions with Related Parties- Continued**

### II. Transactions involving related parties

During the year ended December 31, 2020 the Company paid \$6,055 (2019 - \$59,478) for community engagement services to a company with a director in common.

### III. Compensation of key management personnel

The remuneration paid to directors and other key management personnel during the years ended December 31, 2020 and 2019 were as follows:

|                                   | <b>December 31, 2020</b> | December 31, 2019 |
|-----------------------------------|--------------------------|-------------------|
| Salaries of senior executives (i) | <b>\$ 675,632</b>        | \$ 842,222        |
| Short-term employee benefits (ii) | <b>31,532</b>            | 40,641            |
| Non-executive directors' fees     | <b>163,771</b>           | 157,500           |
| Annual bonus of senior executives | <b>27,708</b>            | 43,272            |
| Termination costs                 | <b>23,001</b>            | 92,313            |
| Share-based compensation          | <b>30,575</b>            | 222,676           |
|                                   | <b>\$ 952,219</b>        | \$ 1,398,624      |

(i) Senior executives include the Chief Executive Officer, Chief Financial Officer, Vice President Exploration.

(ii) Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended December 31, 2020 and 2019.

IFRS requires that compensation of key management personnel be included as a transaction with related parties. In Note 15 (c) of the audited consolidated financial statements, a table is included which details compensation paid to the senior officers of the Company (Chief Executive Officer, Chief Financial Officer and Vice President Exploration) and non-executive directors. The Company incurred lower salaries and benefits for the year ended December 31, 2020, compared to December 31, 2019 and this was due to a temporary salary reduction incurred during Q2-2020.

## **1.10 Fourth Quarter**

### **For the quarter ended December 31, 2020 and 2019:**

During the three-month period ended December 31, 2020 ("Q4-2020"), the Company incurred a net loss of \$899,227 compared to a net loss of \$1,055,341 recognized during the same period ended December 31, 2019 ("Q4-2019"). This represents a variance of \$156,114 and was due to the following:



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## Fourth Quarter- Continued

- I. **Loss from mineral property operation:** the Company recorded \$354,726 (Q4-2019 - \$263,143) in loss from mineral property exploration in Q4-2020, resulting in a variance of \$91,583 when compared to Q4-2019. The net effect of this variance was due to a positive variance of \$120,186 in revenue that was offset by a negative variance of \$211,769 in mineral exploration expenses. Higher mineral exploration expenses during Q4-2020 were due to higher acquisition activities; and
- II. **Overhead and G&A:** the Company recorded \$541,465 (Q4-2019 - \$849,817) in total overhead and G&A expenses for Q4-2020, representing a variance of \$308,352 that were mainly made up of:
  - (a) **Salaries and support services:** \$564,456 (Q4-2019 - \$477,488) was recorded for salaries and support services for Q4-2020. The increase was due to the addition of staff as a result of the Arrangement, representing a variance of \$86,968 when compared to Q4-2019;
  - (b) **Share-based compensation:** during the quarter, the Company recognized a recovery of \$110,201 (Q4-2019 - expensed \$1,466) in share-based compensation expense for expired and forfeited stock options; and
  - (c) **Other expenses:** the Company recorded \$140,993 (Q4-2019 - \$215,140) in G&A, investor services, management fees, marketing, and travel and recognized a reduction of \$74,147 and this was mainly due to reductions in activities as a result of the Covid-19 pandemic.

### 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

The preparation of the Company's consolidated financial statements requires management to make certain estimates that affect the amounts reported in the consolidated financial statements. Accounting estimates considered to be significant were used in Deferred Income Tax Assets, Share-Based Compensation and leases.

#### Deferred Income Tax Assets

The Company does not believe it is likely that current tax losses will be utilized before they expire, therefore related deferred tax assets have not been recognized in the consolidated financial statements. When the situation changes, such that the future tax benefits of unused tax losses and other deductions carried forward are more likely to be realized, the deferred tax assets will be recorded in the accounts of the Company.

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## **Critical Accounting Estimates- Continued**

### **Share-Based Compensation**

Calculating share-based compensation requires estimates of expected volatility in the share price, risk-free interest rates, number of options expected to vest, and a determination that standard option pricing models such as Black-Scholes fairly represent the actual compensation associated with options. Share price volatility is calculated using the Company's own trading history. The risk-free interest rate is obtained from the Bank of Canada zero coupon bond yield for the expected life of the options. The Company believes that the Black-Scholes option pricing model is appropriate for determining the compensation cost associated with the grant of options.

### **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**

The Company's activities expose it to a variety of financial risks, which include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### **Foreign Currency Risk**

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars and Mexican pesos ("MXN") to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

The carrying amount of the Company's foreign currency denominated monetary assets are as follows:

|   | US(*)               |           | MXN(*)         |           | US(*)          |           | MXN(*)        |
|---|---------------------|-----------|----------------|-----------|----------------|-----------|---------------|
| Cash and cash equivalents                         | \$ 131,301          | \$        | 129,979        | \$        | 387,784        | \$        | 17,180        |
| Amounts receivable                                | 9,702               |           | 279,269        |           | -              |           | -             |
| Accounts payable and accrued liabilities          | (47,698)            |           | (8,680)        |           | (9,309)        |           | (5,520)       |
| Joint venture partner deposits                    | (592,029)           |           | -              |           | (252,085)      |           | -             |
| <b>Net assets denominated in foreign currency</b> | <b>\$ (498,723)</b> | <b>\$</b> | <b>400,568</b> | <b>\$</b> | <b>126,390</b> | <b>\$</b> | <b>11,660</b> |

*\*Figures in this table are Canadian dollars, converted from the foreign currency, at the closing exchange rate for that date.*

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## **Financial Instruments and Other Instruments- Continued**

The Company uses a sensitivity analysis to measure the effect on total assets of reasonably foreseen changes in foreign exchange rates. The analysis is used to determine if these risks are material to the financial position of the Company. On the basis of current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by 0.30% (2019 – 0.15%).

The sensitivity of the Company's loss and comprehensive loss due to changes in the exchange rate between the Mexican peso and the Canadian dollar, and between the US dollar and the Canadian dollar are approximated in the tables below. The change, due to the effect of the exchange rate on financial instruments, is reported in the consolidated statements of loss and comprehensive loss as foreign exchange gains (losses).

|  | December 31, 2020                |                                  | December 31, 2019                |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | 10% Increase in<br>MXN: CAD Rate | 10% Increase in<br>USD: CAD Rate | 10% Increase in<br>MXN: CAD Rate | 10% Increase in<br>USD: CAD Rate |
| Change in net loss and<br>comprehensive loss | \$ (482,664)                     | \$ 37,447                        | \$ 149,628                       | \$ 10,599                        |

### **Interest Rate Risk**

The Company's cash and cash equivalents consist of cash held in bank accounts and GICs that earn interest at a fixed interest rate. Future cash flows from interest income on cash and cash equivalents will be affected by declining cash balances. The Company manages interest rate risk by investing in short-term fixed interest financial instruments with varying maturity periods when feasible to provide access to funds as required. A 25-basis point change in interest rate would have an immaterial impact on comprehensive income based on the cash and cash equivalents at the end of the period. Actual financial results for the coming year will vary since the balances of financial assets are expected to decline as funds are used for Company expenses.

### **Credit Risk**

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash and cash equivalents and short-term investments are on deposit at major financial institutions. The Company is not aware of any counterparty risk that could have an impact on the fair value of such investments. The carrying value of the financial assets represents the maximum credit exposure.

The Company minimizes credit risk by reviewing the credit risk of the counterparties to its arrangements on a periodic basis. The Company's concentration of credit risk and maximum exposure thereto is as follows:

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## **Financial Instruments and Other Instruments- Continued**

|                                     | <b>December 31, 2020</b> | December 31, 2019 |
|-------------------------------------|--------------------------|-------------------|
| Short-term money market instruments | <b>\$ 1,750,002</b>      | \$ 2,750,000      |
| Cash bank accounts                  | <b>1,867,101</b>         | 796,972           |
| Short term investments              | <b>7,166,726</b>         | 6,058,805         |
| Marketable securities               | <b>53,664</b>            | 43,000            |
| Trade receivable                    | <b>98,854</b>            | -                 |
|                                     | <b>\$ 10,936,347</b>     | \$ 9,648,777      |

At December 31, 2020, the Company's short-term money market instruments were invested in GICs earning annual interest rates of 0.45% to 1.60%.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, including exploration plans. The Company attempts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations, holdings of cash and cash equivalents and short-term investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. The Company staggers the maturity dates of its investments over different time periods when feasible to maximize interest earned. The Company has invested part of the excess cash flow through a financial institution.

The following table summarizes the Company's significant liabilities and corresponding maturities.

| <b>Due Date</b> | <b>December 31, 2020</b> | December 31, 2019 |
|-----------------|--------------------------|-------------------|
| 0-90 days       | <b>\$ 120,438</b>        | \$ 189,908        |
| 90-365 days     | <b>747,346</b>           | 149,689           |
| 365+ days       | <b>177,818</b>           | 123,181           |
|                 | <b>\$ 1,045,602</b>      | \$ 462,778        |

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## **Financial Instruments and Other Instruments- Continued**

### **Sensitivity Analysis**

The Company measures the effect on total assets or total receipts of reasonably foreseen changes in interest rates and foreign exchange rates. The analysis is used to determine if these risks are material to the financial position of the Company. On the basis of current market conditions, the Company has determined that a 25-base point change in interest rates or a 10% change in foreign exchange rates would be immaterial. Readers are cautioned to refer to Note 19 (b) and (c) of the annual audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019. Actual financial results for the coming year will vary since the balances of financial assets are expected to change as funds may be raised through equity offering and are used for Company expenses.

### **1.15 Other Requirements**

#### ***Risks Factors and Uncertainties***

##### **Overview**

The Company is subject to many risks that may affect future operations over which the Company has little control. These risks include, but are not limited to, intense competition in the resource industry, market conditions and the Company's ability to access new sources of capital, mineral property title, results from property exploration and development activities, and currency fluctuations. The Company has a history of recurring losses and there is no expectation that this situation will change in the foreseeable future.

##### **Competition**

Other exploration companies, including those with greater financial resources than the Company, could adopt or may have adopted the same business strategies and thereby compete directly with the Company, or may seek to acquire and develop mineral claims in areas targeted by the Company. While the risk of direct competition may be mitigated by the Company's experience and technical capabilities, there can be no assurance that competition will not increase or that the Company will be able to compete successfully.

##### **Access to Capital**

The exploration and subsequent development of mineral properties is capital intensive. Should it not be possible to raise additional equity funds when required, the Company may not be able to continue to fund its operations which would have a material adverse effect on the Company's potential profitability and ability to continue as a going concern. At present, the Company has cash resources to fund planned exploration for the next twelve months. Timing of additional equity funding will depend on market conditions as well as exploration requirements.

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## **Risks Factors and Uncertainties- Continued**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. These conditions may persist for an indeterminate period of time.

### **Foreign Operations and Political Risk**

The Company's mineral properties are located in Canada, US and Mexico. In foreign jurisdictions, mineral exploration and mining activities may be affected in varying degrees by political or economic instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially adversely affect its business, or if significant enough, may make it impossible to continue to operate in certain countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and exploration health and safety. These risks are not unique to foreign jurisdictions and apply equally to the Company's property interest in Canada.

### **Mineral Property Tenure and Permits**

The Company has completed a review of its mineral property titles and believes that all requirements have been met to ensure continued access and tenure for these titles. However, ongoing requirements are complex and constantly changing so there is no assurance that these titles will remain valid. The operations of the Company will require consents, approvals, licenses and/or permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary consents, approvals, licenses and permits that may be required to carry out exploration, development and production operations at its projects.

Although the Company acquired the rights to some or all of the resources in the ground subject to the tenures that it acquired, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable laws usually provide for rights of access to the surface for the purpose of carrying on exploration activities, however, the enforcement of such rights can be costly and time consuming. It is necessary, as a practical matter, to negotiate surface access.

There can be no guarantee that, despite having the right at law to access the surface and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with existing landowners for such access, and therefore it may be unable to carry out exploration activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

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## **Risks Factors and Uncertainties- Continued**

### **Joint Venture Risks**

A key aspect of the Company's business is to enter into joint venture agreements with reputable mining companies to advance its projects. Often this results in the Company holding a minority ownership interest in the projects and the Company does not always act as operator of the project, meaning it must rely on the decisions and expertise of its project partners regarding operational matters. The interests of the Company and its project partners are not always aligned, and it may be difficult or impossible for the Company to ensure that the projects are operated in the best interest of the Company. The Company may also be dependent on its project partners for information such as the results of mineral exploration programs. The Company may also experience disputes with project partners regarding operational decisions or the interpretation of agreements in connection with its projects. While the Company strives to maintain effective channels of communication and positive working relationships with all its project partners, there can be no assurance that disputes will not arise that may lead to legal action and could result in significant costs to the Company.

### **Speculative Nature of Mineral Exploration and Development**

The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of the Company's properties.

Even if commercial quantities of ore are discovered, there is no assurance that the mineral property will be brought into production. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size, grade, metallurgy, and proximity to infrastructure; commodity prices, which have fluctuated widely in recent years; and government regulations, including those relating to taxes, royalties, land tenure, land use, aboriginal rights, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, and the Company's business may be adversely affected by its inability to advance projects to commercial production.

### **Uninsured or Uninsurable Risks**

The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's evaluation of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and operating activities.

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## **Risks Factors and Uncertainties- Continued**

### **Commodity Prices**

The prices of gold, silver, copper, lead, zinc, molybdenum, and other minerals have fluctuated widely in recent years and are affected by a number of factors beyond the Company's control, including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, consumption patterns, and speculative activities and increased production due to improved exploration and production methods. Fluctuations in commodity prices will influence the willingness of investors to fund mining and exploration companies and the willingness of companies to participate in joint ventures with the Company and the level of their financial commitment. The supply of commodities is affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

### **Conflicts of Interest**

Certain directors and officers of the Company also serve as directors, officers and advisors of other companies involved in natural resource exploration and development. To the extent that such companies may participate in ventures with the Company, such directors and officers may have conflicts of interest in negotiating and concluding the terms of such ventures. Such other companies may also compete with the Company for the acquisition of mineral property rights. In the event that any such conflict of interest arises, the Company's policy is that such director or officer will disclose the conflict to the board of directors and, if the conflict involves a director, such director will abstain from voting on the matter. In accordance with the *Business Corporations Act (BC)*, the directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

### **Dependence Upon Others and Key Personnel**

The success of the Company's operations will depend upon numerous factors including its ability to attract and retain additional key personnel in exploration, marketing, joint venture operations and finance. This will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical personnel, and consultants can be particularly intense.

### **Government Regulation**

The Company operates in an industry which is governed by numerous regulations, including but not limited to, environmental regulations as well as occupational health and safety regulations. Most of the Company's mineral properties are subject to government reporting regulations. The Company believes that it is in full compliance with all regulations and requirements related to mineral property interest claims.



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## **Risks Factors and Uncertainties- Continued**

However, it is possible that regulations or tenure requirements could be changed by the respective governments resulting in additional costs or barriers to development of the properties. This would adversely affect the value of properties and the Company's ability to hold onto them without incurring significant additional costs. It is also possible that the Company could be in violation of, or non-compliant with, regulations it is not aware of.

### **COVID-19 outbreak**

COVID-19 has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financial position. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions, physical distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. It is not possible to reliably estimate the length or severity of these developments and their financial impact. This has negatively impacted the Company, especially during the first half of 2020, whereby project activities were significantly reduced and/or deferred which resulted in lower management fees compared to 2019. However, this was offset by reduced overhead and G&A expenses related to travel, marketing and business development activities.

### ***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 177,101,600 issued and outstanding common shares. In addition, the Company has 5,430,237 stock options outstanding that expire through March 25, 2026 and 23,010,776 common share purchase warrants outstanding that expire through April 30, 2024. Details of issued share capital are included in Note 15 of the audited consolidated financial statements for the years ended December 31, 2020 and 2019.

### ***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).

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## **Forward-Looking Statements**

*This document includes certain forward-looking statements concerning the future performance of the Company's business, its operations, its financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Forward-looking statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All forward-looking information is inherently uncertain and subject to a variety of assumptions, risks and uncertainties. Factors that may cause actual results to vary from forward looking statements include, but are not limited to, the Company's ability to access capital, the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and reliance on key personnel, as described in more detail in this document under "Risk Factors and Uncertainties". Statements relating to estimates of reserves and resources are also forward-looking statements as they involve risks and assumptions (including, but not limited to, assumptions with respect to future commodity prices and production economics) that the reserves and resources described exist in the quantities and grades estimated and are capable of being economically extracted. Actual events or results may differ materially from those projected in the forward-looking statements and we caution against placing undue reliance thereon.*