

**PRECIPITATE GOLD CORP.**  
**Management Discussion and Analysis (“MD&A”)**  
**for the six months ended May 31, 2022**

The following discussion and analysis of the operations, results, and financial position of Precipitate Gold Corp. (“the Company”) for the six months ended May 31, 2022, should be read in conjunction with the Company’s unaudited financial statements and related notes for the three and six months ended May 31, 2022, and the audited financial statements and related notes for the year ended November 30, 2021 which have been prepared in accordance with International Financial Reporting Standards. The effective date of this report is August 2, 2022. All figures are presented in Canadian dollars, unless otherwise indicated.

**COMPANY OVERVIEW**

The Company was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia completed an initial public offering (“IPO”) on the TSX Venture Exchange (“TSX-V”) and commenced trading under the symbol PRG. The Company common shares also trade on the US trading platform OTCQB Venture Marketplace (“OTC”) under the symbol PREIF.

The Company is in the business of exploration, development and exploitation of mineral resources in the jurisdictions of Newfoundland, Canada and the Dominican Republic, with the primary objective to explore mineral projects to a stage where they can be developed profitably or sold to a third party.

The Company’s two Newfoundland Canada gold exploration properties, Motherlode and Ace are located on the south and north coasts of the Island, respectively, covering a combined 14,850 hectares. The Motherlode Gold Project includes eight gold showings hosted in a late Proterozoic ophiolite complex of the Burin Peninsula of southern Newfoundland, Canada. Ace Gold Project gold mineralization is hosted in Ordovician-Silurian aged mixed sedimentary and volcanic rocks of the eastern portion of the Exploits Subzone (Dunnage Tectonostratigraphic Zone), where claims cover the majority of Change Island, on the north-central coast of Newfoundland.

The Company’s three Dominican Republic gold exploration properties, Pueblo Grande, Juan de Herrera and Ponton, cover a combined 25,797 hectares. The Pueblo Grande Project adjoins the world class, high sulphidation epithermal Pueblo Viejo gold-silver mine, owned by Barrick (60%) & Newmont Goldcorp (40%). The Juan de Herrera Project is located within the prospective Tireo Gold Trend of western Dominican Republic, directly adjoining GoldQuest Mining Corp on the south and west sides of its Tireo Gold Project. The Ponton Project, located 25 kilometres east of Pueblo Grande, is an early-stage gold epithermal exploration target hosted in similar Los Ranchos Formation volcanic rocks as found at Barrick’s Pueblo Viejo.

**MINERAL PROPERTIES**

The Company is conducting exploration activities and evaluating possible new opportunities in Newfoundland, Canada and the Dominican Republic. The Company’s mineral property interests are as follows:

**a) Motherlode Gold Project, Newfoundland Canada**

During the six months ended May 31, 2022, the Company incurred \$293,946 (2021: \$Nil) of exploration and evaluation expenditures on the Motherlode Gold Project, including detailed 3D computer modelling and interpretation of the 2021 heliborne magnetic-radiometric geophysical survey and also project-wide prospecting and surface geochemical sampling.

In August 2021, the Company secured exclusive rights to 100% interest in the Motherlode Gold Project mineral exploration licenses by way of a combination of direct staking (6,250 hectares) and two option

agreements (6,100 hectares); totalling 12,350 hectares. The Company entered into two project option agreements to acquire 100% exclusive rights to mineral exploration licenses by fulfilling certain elective annual cash and share payments over a 4-year option term, as follows:

<b>Date</b>	<b>Consideration</b>	<b>Common Shares</b>
On August 24, 2021 (paid and issued)	\$ 26,000	370,000 <sup>(1)</sup>
August 24, 2022	52,000	650,000
August 24, 2023	74,000	990,000
August 24, 2024	84,000	1,270,000
August 24, 2025	107,000	1,800,000

<sup>(1)</sup> issued at a value of \$37,000

Upon completion of the cash and share payments, the Company will own a 100% interest in the Motherlode Gold Project, subject to certain NSR of 1.5% to Vendor Group 1 and 2.5% to Vendor Group 2. Portions of the NSR's can be repurchased by the Company at any time up to 1.0%. In addition, the Company retains a right of first refusal to purchase the balance of all NSR's at any time.

The Motherlode Gold Project is located approximately 3.5 hours by road from Gander and St. John's within the southeastern part of Newfoundland's Burin Peninsula. The Burin Peninsula an active gold exploration region that includes other notable gold exploration projects such as Root & Cellar (Northern Shield Resources), Heritage (Golden Ridge Resources) and Hickey's Pond (Burin Resources).

The Motherlode Gold Project is located within the western portion of the major Avalon Tectonostratigraphic Zone, where claims are underlain by late Neoproterozoic ophiolite complex Burin Group of rocks, consisting of northeast trending, mixed oceanic volcanics with interbedded with clastic and carbonate-rich sedimentary rocks, which are intruded by multi-phase sill-like gabbroic rocks. Burin Group lithologies have a pervasive greenschist facies deformation, ranging from moderate fracture cleavage to a strong and discrete shear fabric.

Motherlode Gold Project claims cover a 16.5 kilometre long, highly prospective gold exploration trend that hosts structurally related orogenic gold style mineralization, with gold enriched quartz veins and quartz-silica stockworks that are strongly associated with high strain rocks (i.e. shears, faults, schists, folds) containing a generally low sulphide concentration. The presence of strong silica alteration with pyrite + arsenopyrite sulphide mineralization (+5%) are favourable indicators for gold enrichment, particularly when hosted within metavolcanic or gabbro rocks.

#### Motherlode Gold Project Highlights

On December 1, 2021, the Company announced results and interpretation of its' airborne geophysical survey conducted over the entire Motherlode Gold Project. Analysis of the high sensitivity magnetic and radiometric geophysical survey data, in tandem with the recently completed project-wide analysis of surface geochemical samples (soil, rock, till and lake) and surface structural lineaments, delineated numerous exploration target areas: 7 high priority targets, 11 secondary targets and 7 lower priority targets.

#### Select Historical Sampling Results \*

- High grade gold rock grab samples: 25.0 g/t Au, 15.7 g/t Au, 11.6 g/t Au, 6.3 g/t Au & 4.5 g/t Au
- Trench/Channel Results: 0.5m of 4.5 g/t Au, 1.5m of 10.1 g/t Au, 6.2m of 3.6 g/t Au (incl. 0.9m of 7.7 g/t Au)
- 2007 Diamond Drill Results (8 holes, 902m): 0.7m of 3.2 g/t Au, 10.4m of 0.82 g/t Au, 1.5m of 2.8 g/t Au

#### Gold Mineralization, Geology, Regional Geochemistry

- 11 historical mineral occurrences, including 8 gold showings;

- District-scale potential within an estimated 16.5 kilometre long exploration trend hosted in late Proterozoic-age Burin Group volcanic and ultramafic rocks;
- Major northeast trending, sub-vertical dipping shear-fault zones up to 30 metres wide;
- Gold enriched quartz veins and quartz-silica stockworks hosted in shear, fault, schist and fold structures; and
- Project regional government till, lake & stream sample geochemistry anomalies include gold, arsenic, antimony, copper, nickel and zinc.

\*High grade rock grab samples are selective by nature and are unlikely to represent average grades on the Project.

## b) Ace Gold Project

During the six months ended May 31, 2022, the Company incurred \$114,442 (2021: \$Nil) of exploration and evaluation expenditures on the Ace Gold Project, including project wide prospecting and rock geochemical sampling and a heliborne magnetic geophysical survey.

On October 1, 2021, the Company entered into an option agreement to acquire a 100% interest in three contiguous mineral exploration licenses totalling 2,500 hectares, making up the Ace Gold Project, located in north-central Newfoundland, Canada by fulfilling certain elective annual cash and share payments over a 4-year option term, as follows:

<b>Date</b>	<b>Consideration</b>	<b>Common Shares</b>
Within 5 days of October 14, 2021 (completed)	\$15,000	200,000
October 14, 2022	20,000	250,000
October 14, 2023	25,000	300,000
October 14, 2024	30,000	350,000
October 14, 2025	40,000	500,000
	<b>\$ 130,000</b>	<b>1,600,000</b>

The Company has reimbursed the Vendors for staking costs of \$5,700. Upon completion of the elective cash and share payments as set out above, the Company will have a 100% interest in the Ace Gold Project, subject to a NSR of 1.5% granted to the Vendors by the Company. The Company will have the exclusive right to purchase up to 1.0% of the NSR from the Vendors at any time for \$500,000 per 0.5% and retain a right of first refusal to purchase the balance of all NSR's at any time.

The Ace Gold Project forms a single contiguous claim block, with an area measuring roughly about 12 km by 2.5 km covering most of Change Island. It is located approximately 85 kilometers north, via combined road and 20-minute government vehicle ferry departing hourly, from the community of Gander and its international airport. Change Island is bisected, in a north-south direction over a distance of 12 kilometres, by a paved road and a paralleling electrical power line. The general region is part of an active gold exploration camp that includes current high profile gold exploration projects such as Queensway (New Found Gold Corp), Kingsway (Labrador Gold Corp), Dog Bay (Exploits Discovery Corp) and Toogood (Prospector Metals Corp).

Ace Gold Project mineralization is hosted in mixed Ordovician-Silurian aged sedimentary and volcanic rocks of the east portion Exploits Subzone (Dunnage Tectonostratigraphic Zone). Gold mineralization identified to date is hosted in mixed felsic volcanic and sedimentary rocks occurring as variably gossanous, likely bedding conformable shears, that are up to 20 metres wide and traced on surface to distances exceeding 400 metres. Sheared rocks are commonly sericite-carbonate-quartz altered, with associated pyrite and arsenopyrite sulphide mineralization (with lesser galena and sphalerite).

## Ace Gold Project Highlights

On November 23, 2021, the Company announced the completion of first phase prospecting and rock sampling exploration field work on the Ace Gold Project. To date, the Company has identified six areas of visually compelling surface mineralization, including the recently discovered Ace Zone where rock grab samples report up to 5.4 g/t gold. Much of the late 2021 first-pass prospecting, geological mapping and rock sampling work was carried out on accessible coastlines and roads, with limited prospecting carried out in the central project regions. These under-explored regions will be examined in detail during the next work phase. Rock samples have been shipped to the laboratory for multi-element analysis.

- Preliminary exploration identifies six areas of compelling surface mineralization;
- Ace Zone: A recent discovery of a 10-20 metre wide altered shear zone that trends northeastward, with select grab rock samples up to 5.4 g/t gold;
- About 13 kilometres northeast along trend from Prospector Metals' Toogood Project;
- Historical reported visible gold and select rock grab samples up to 164 g/t gold at the 'Change Island' mineral occurrence located about 1 kilometre to east of Ace Gold Project border.
- Underlain by highly prospective Exploits Subzone rocks that host significant gold mineralization across central Newfoundland, including Marathon Gold Corp's Valentine Project (3.14 Moz M&I at a grade of 1.72 g/t gold.(1))
- Paved highway and high voltage electrical power lines bisects island in a north-south direction.

(1) Reference: Marathon Gold Corp website; [marathon-gold.com/valentine-gold-project](http://marathon-gold.com/valentine-gold-project)

### **c) Pueblo Grande Project, Dominican Republic**

During the six months ended May 31, 2022, the Company incurred \$32,092 (2021: \$111,896) of exploration and evaluation expenditures on the Pueblo Grande Project.

The Company owns a 100% interest in the Pueblo Grande Project which surrounds the world-class high sulphidation epithermal Pueblo Viejo gold mine on the west, north and east sides. Project exploration concessions form a single contiguous claim block covering about 7,097 hectares.

On April 13, 2020, the Company announced that it had signed a definitive earn-in agreement (the "Agreement") with Barrick Gold Corporation whereby Barrick has the right to earn a 70% interest in the Company's Pueblo Grande Project by incurring a minimum US\$10.0 million in exploration expenditures and delivering a qualifying pre-feasibility study prior to the sixth anniversary of the Agreement.

In accordance with the terms of the Agreement ("Earn-in Conditions"), to earn a 70% interest in the Project, Barrick must:

- Incur a minimum of US\$10.0 million in qualifying work expenditures prior to the sixth anniversary of the entering into of the Agreement as follows:
  - US\$2.0 million in aggregate before the second anniversary, with a US\$1.0 million guaranteed minimum expenditure if Barrick elects to terminate the Agreement before the second anniversary; (completed)
  - US\$3.5 million in aggregate before the third anniversary;
  - US\$5.0 million in aggregate before the fourth anniversary;
  - US\$7.0 million in aggregate before the fifth anniversary; and
  - US\$10.0 million in aggregate before the sixth anniversary;
- Complete a minimum of 7,500 meters of drilling before the sixth anniversary of the entering into of the Agreement; and
- Deliver a qualifying pre-feasibility study before the sixth anniversary of the entering into of the Agreement

Shortfalls in required work expenditures may be paid by Barrick to Precipitate as cash in lieu to satisfy the work expenditures' requirement. Barrick may at any time accelerate any or all the work expenditures and excess work expenditures in any year shall apply against any future years' obligations.

Upon satisfaction of the Earn-in Conditions and delivery of an exercise notice, Barrick and Precipitate will form a joint venture to be owned 70% by Barrick and 30% by Precipitate. At Precipitate's election, which must be made within 120 days of the approval by the joint venture of a feasibility study, Barrick will be obligated to provide Precipitate's portion of any debt financing or arrange for third party financing of Precipitate's portion of any debt financing required to construct a mine on the Pueblo Grande Project described in the feasibility study in consideration for the transfer by Precipitate to Barrick of a 5% interest in the joint venture. Dilution of the Company's interest in the joint venture below 10% will result in the conversion of Precipitate's interest to a 1.5% NSR royalty on any concessions without pre-existing NSR's as of the date hereof, and a 1.0% NSR royalty on any concessions with pre-existing NSR's as of the date hereof, applicable to all recovered products.

As part of the agreement, the Company closed a non-brokered private placement by Barrick on April 17, 2020 of 12,713,636 common shares at \$0.11 per share for gross proceeds of \$1,398,500.

As operator of the Pueblo Grande Project, Barrick will prepare programs and budgets in respect of the Pueblo Grande Project and provide Precipitate copies of each approved program and budget within 30 days of its approval. In addition, Barrick will prepare and provide to Precipitate, by the 45th day after the end of each calendar quarter, a quarterly report in respect of the preceding quarter that describes all work conducted on the Pueblo Grande Project, including all data and results derived from such work.

In the event Barrick elects to withdraw from the Agreement prior to having earned a 70% interest or fails to fulfill the qualifying work expenditures, including delivery of a qualifying pre-feasibility study before the sixth anniversary, Barrick will forfeit all rights and interests in the Pueblo Grande Project to Precipitate with all concessions in good standing.

Pre-existing advanced stage or mining-related commitments to a third party for certain concessions include (i) a sliding scale NSR royalty ranging from 1%, where gold is under US\$1,000/oz, to 2%, where gold is over US\$1,400/oz and (ii) sum of cash or shares valued at the greater of \$5,000,000 or the value of 5,000,000 common shares based on a 20 day VWAP, in the event a resource of 1,000,000 gold equivalent ounces or greater are delineated at certain grades and in various indicated and inferred categories.

On May 13, 2022, the Company announced an amendment to the Pueblo Grande exploration earn-in agreement, pursuant to which Precipitate agreed to relinquish or reduce certain non-core portions of exploration concessions within the Project area to Barrick for a cash consideration of US\$5,000,000 and the granting to Precipitate of a 3% net smelter return NSR royalty over the subject areas, which total 2,722 hectares. Barrick is required to meet additional obligations as part of the earn-in agreement amendment (see news release dated May 13, 2022).

The Company determined that the book value of Target Areas 1, 2 and 3 to be \$250,399 based on the size of the areas relinquished to Barrick, therefore, a gain of \$6,103,904 was recorded. In relation to the sale, the Company estimates that the taxes owing on the gain will be \$1,286,083 and has been recorded to income taxes payable and income tax provision.

#### **d) Juan de Herrera Project, Dominican Republic**

During the six months ended May 31, 2022, the Company incurred \$1,886 (2021: \$4,494) of exploration and evaluation expenditures on the Juan de Herrera Project.

The Company, through 0945044 B.C. Ltd., has 100% ownership of the Juan de Herrera Project (“JDH”) exploration concessions, which are subject to a 3% NSR royalty on any base and precious metal commercial production. The Company may purchase 50% of the NSR royalty by paying \$2,000,000.

The Company’s JDH Project is located within the highly prospective Tireo Gold Trend in western Dominican Republic, directly adjoining GoldQuest Mining Corp on the south and west sides of its Tireo Gold Project (Romero, VMS-style gold deposit). Covering about 12,727 hectares, the JDH Project is variably road accessible and covers an estimated 40 kilometers of prospective strike length of target Tireo Formation lithologies. The Tireo Formation is an upper Cretaceous aged package of volcanic and sedimentary rocks that bisects central Hispaniola, trending northwesterly through the Dominican-Haitian border.

The Company has completed multiple phases of regional and local scale exploration work on Juan de Herrera, since acquiring the Project in 2012. The Company’s early exploration work focused on the Ginger Ridge Zone and with subsequent work programs exploration focus expanded to include several other geochemically and geophysically anomalous areas, with gold-enriched VMS mineralization style affinities. Most of these compelling exploration targets require modest additional work to refine and prioritize drill targets, particularly the Ginger Ridge East, Southeast, Jengibre South, Peak and Melchor areas. Additionally, there are a number of early-stage un-named anomalous zones in the northern part of the project which require follow up exploration.

#### **e) Ponton Project, Dominican Republic**

During the six months ended May 31, 2022, the Company incurred \$36,764 (2021: \$Nil) of exploration and evaluation expenditures on the Ponton Project.

The Ponton Project, 100% owned by the Company, is located about 25 kilometres east of the Company’s Pueblo Grande gold Project or 45 kilometres north of Santo Domingo, the capital of the Dominican Republic. The Project, consisting of a single exploration concession covering 3,250 hectares, has excellent road access, is bisected by a high power electrical line and importantly is underlain by the similar prospective Cretaceous to lower Tertiary aged Los Ranchos Formation volcanic rocks that host Barrick’s Pueblo Viejo high sulphidation epithermal gold-silver mine. The Ponton Project includes three exploration zones: (i) Copey Hill, an epithermal gold target, (ii) Majagual Hill, a copper-gold porphyry target and (iii) a broad area of early stage rock and stream sediment anomalies. The main Copey Hill Zone hosts the region’s strongest multi-element geochemical anomaly (gold, silver, arsenic, mercury, antimony) which is indicative of a near surface epithermal gold system. The Company has completed extensive soil and rock sampling surveys, detailed geological mapping, ground magnetic geophysics, and two diamond drill holes (totalling 263 metres), of a planned 10-hole 2,000m program.

#### **Qualified Person**

The technical information regarding the Company’s mineral properties contained in this MD&A has been reviewed by Michael Moore (P. Geo.). Mr. Moore is a Qualified Person (“QP”) as defined in the “Canadian Institute of Mining, Metallurgy and Petroleum, CIM standards on Mineral Resources and Reserves” and NI 43-101.

#### **PLAN OF OPERATIONS AND FUNDING**

The Company’s plan of operations for the next twelve months is as follows:

- Motherlode Gold Project: Company interpretation of the Motherlode Gold Project-wide airborne high sensitivity magnetics-radiometrics geophysical survey and complementing Motherlode Gold Project geological and geochemical dataset has delineated 7 high priority targets, 11 secondary targets and 7 lower priority target areas for follow up exploration. The Company is conducting an exploration program of prospecting, mapping and sampling over prioritized target zones, concurrent with induced polarization (‘IP’) geophysical surveying, as an important vectoring tool

for planned diamond drill testing. Diamond drill testing of priority targets is planned for the fall of 2022.

- Ace Gold Project: The Company's first pass Ace Gold Project prospecting and geological mapping program has identified a number of mineralized surface exposures, including the high priority Ace Zone. The laboratory results for rock samples collected from this work phase will guide the planned follow up exploration work. The Company intends to carry out a project-wide airborne geophysical survey and also a focused follow up exploration program of prospecting, mapping and sampling over prioritized target zones. These early stage surveys will provide critical vectoring information for refining prospective drill targets for possible first phase of drill testing.
- Pueblo Grande Project: Barrick Gold Corporation is operator of the Pueblo Grande Project. In July 2021, the Company announced modest gold results from Barrick's initial 10-hole (2,514 metres) diamond drill testing of a limited portion of the Lithocap Zone located immediately west and northwest of the Pueblo Viejo mine. Barrick's drilling tested several targets previously contemplated by the Company prior to the execution of the earn-in agreement. Barrick has advised the Company that it will continue exploration and will focus on other prospective zones located elsewhere within the Pueblo Grande Project.
- Juan de Herrera & Ponton Projects: Both the Juan de Herrera and Ponton gold exploration properties are in a period of assessment and reduced exploration attention by the Company. At Juan de Herrera modest scale follow up surface exploration work is planned.
- Evaluation and assessment of other prospective mineral exploration properties in geologically and geopolitically attractive jurisdictions will continue, as opportunities are presented to the Company.
- The Company will continue to monitor and evaluate capital markets for possible equity financing opportunities attainable under favourable terms to fund the Company's on-going operations and exploration activities.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for the last eight quarters:

	May 31, 2022	Feb 28, 2022	Nov 30, 2021	Aug 31, 2021	May 31, 2021	Feb 28, 2021	Nov 30, 2020	Aug 31, 2020
Expenses	\$780,122	\$250,132	\$483,670	\$210,705	\$241,839	\$763,843	\$325,715	\$365,790
Loss/ (income) for the period	(\$3,507,049)	\$243,503	\$487,624	\$219,372	\$243,315	\$767,321	\$368,415	\$351,475
Weighted average shares outstanding	129,716,808	106,612,704	106,553,606	106,486,428	106,469,770	101,087,475	101,087,475	105,933,418
Loss (earnings) per share	(\$0.03)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mineral property acquisition costs	-	-	\$25,300	\$83,650	-	-	-	-
Mineral property sale	(\$250,399)	-	-	-	-	-	-	-
Gain on sale of mineral property	\$6,103,904	-	-	-	-	-	-	-
Mineral property exploration costs	\$378,056	\$101,074	\$201,295	\$105,480	\$148,467	\$203,449	\$164,923	\$130,114

The Company's operating losses are due to mineral exploration, share-based compensation and general and administrative expenses, such as audit and accounting fees, marketing, conferences and shareholder relations costs, salaries and wages, and office and administrative expenses incurred during the process of managing the Company's operations and to ensure regulatory compliance, and can vary from quarter to quarter based on planned exploration activities, resource constraints, and share-based compensation. There was a net income in the three months ended May 31, 2022 when the Company sold a part of the Pueblo Grande project to Barrick for US\$5,000,000, resulting in a gain of \$6,103,904. The net loss in the three months ended November 30, 2021 and May 31, 2021 were significantly higher due to an increase in share-based compensation expense for options that were issued during those quarters.

## DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 129,717,808 shares outstanding. The following table summarizes the maximum number of common shares outstanding as at May 31, 2022 and as of the date of this MD&A, if all outstanding options were converted to shares:

	May 31, 2022	As of the date of this MD&A
Common shares	129,716,808	129,716,808
Warrants	12,095,388	12,095,388
Stock options	10,210,000	10,210,000
	152,022,196	152,022,196

## RESULTS OF OPERATIONS

### Six months ended May 31, 2022 ("2022 period") compared to the six months ended May 31, 2021 ("2021 period")

The net income for the six months ended May 31, 2022 was \$3,263,546 compared to a net loss of \$1,010,636 for the six months ended May 31, 2021. Major variances are explained as follows:

- Consulting and directors' fees increased from \$Nil in the 2021 period to \$110,000 in the 2022 period. During the 2022 period, the Company accrued \$110,000 of bonuses payable to directors and officers of the Company.
- Exploration and evaluation costs of \$479,130 were incurred on the Company's properties in the 2022 period compared to \$351,916 in the 2021 period. The increase was due to the increased exploration activities on the Motherlode and Ace Gold projects in Canada during the 2022 period.
- Share-based compensation expense decreased from from \$461,000 in the 2021 period to \$Nil in the 2022 period. The share-based compensation expense in the 2021 period arose from the 2,690,000 stock options granted on January 29, 2021 to directors, officers, and consultants of the Company. There were no stock options issued during the 2022 period.
- During the 2022 period, there was a gain of \$6,103,904 of sale of mineral property interests (2021: \$Nil) from the sale of certain claims, which were part of the Pueblo Grande project, to Barrick.

### Three months ended May 31, 2022 ("Q2 2022") compared to the three months ended May 31, 2021 ("Q2 2021")

The net income the quarter ended May 31, 2022 was \$3,507,049 compared to a net loss of \$243,315 for the quarter ended May 31, 2021. Major variances are explained as follows:



- Consulting and directors' fees increased from \$Nil in Q2 2021 to \$110,000 in Q2 2022. During Q2 2022, the Company accrued \$110,000 of bonuses payable to directors and officers of the Company.
- Exploration and evaluation costs of \$378,056 were incurred on the Company's properties during Q2 2022 compared to \$148,467 in Q2 2021. This was due to an increase in exploration activities on the Motherlode and Ace Gold projects during Q2 2022.
- Salaries and wages increased from \$40,756 in Q1 2022 to \$117,499 in Q2 2022. The increase was due to a bonus accrued to an officer and director of the Company during Q2 2022.
- During Q2 2022, there was a gain of \$6,103,904 of sale of mineral property interests (Q2 2021: \$Nil) from the sale of certain claims, which were part of the Pueblo Grande project, to Barrick.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company generates cash through financing and investing activities. During the six months ended May 31, 2022, the Company received \$6,476,500 from the sale of certain claims of the Pueblo Grande project and \$2,108,444 from the issuance of flow-through and non flow-through units, net of share issuance costs. During the six months ended May 31, 2021, the Company received \$12,000 from the exercise of options. As at May 31, 2022 the Company had cash of \$8,184,939 and working capital of \$5,873,823.

The Company's working capital is being used to fund, among other things, exploration of the Ponton, Juan de Herrera properties in the Dominican Republic and Motherlode Gold and Ace Gold projects in Canada, evaluation of potential new projects, and general corporate expenses of the Company. The Company expects to spend approximately \$1,600,000 during the next fiscal year on exploration and evaluation costs, and property investigation.

## **GOING CONCERN**

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At May 31, 2022, the Company had a working capital surplus of \$5,873,823, reported a net income of \$3,263,546 and accumulated deficit of \$13,761,642. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities. These consolidated financial statements do not give effect to adjustments.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially

leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

## TRANSACTIONS WITH RELATED PARTIES

Key management personnel consist of directors and senior management including the President, Chief Executive Officer, Vice President of Exploration and Chief Financial Officer. Key management personnel compensation includes:

Name of related party	Nature of transactions	Six months ended May 31	
		2022	2021
Jeffrey Wilson	Salaries and wages	\$ 152,500	\$ 77,500
Michael Moore	Consulting	50,000	81,000
Michael Moore	Geological consulting	97,125	-
Adrian Fleming	Consulting and directors' fees	20,000	-
Alistair Waddell	Consulting and directors' fees	20,000	-
Lon Shaver	Consulting and directors' fees	20,000	-
VC Consulting Corp.	Accounting services	16,500	12,000
		<b>\$ 376,125</b>	<b>\$170,500</b>

During the six months ended May 31, 2022, the Company incurred \$Nil (six months ended May 31, 2021: \$338,881) of share-based compensation expense for related parties.

The accounts payable and accrued liabilities of the Company as at May 31, 2022 and as at November 30, 2021 include the following amounts due to related parties:

	May 31, 2022	November 30, 2021
Key management personnel	\$ 197,423	\$ 18,661

## FINANCIAL INSTRUMENTS

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity. Investment in Sabre Gold Mines Corp. warrants is measured using level 3 of fair value hierarchy.

The Company is exposed to potential loss from various risks including credit risk, liquidity risk, interest rate risk, political risk and foreign currency fluctuation risk. These risks are described in more detail in the Risk and Uncertainties section of this MD&A.

## **RISK AND UNCERTAINTIES**

Readers of this interim MD&A are encouraged to read the “Risk and Uncertainties” section of the Company’s Annual MD&A dated March 29, 2022 under the Company’s SEDAR profile on [www.sedar.com](http://www.sedar.com). Important risk factors to consider among others are:

- Competitive industry
- Exploration risks
- Foreign countries and political risks
- Fluctuating metal and share prices
- Ability to continue as a going concern

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company’s ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company’s ability to obtain additional financing on satisfactory terms.

The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off balance sheet arrangements.

## **ADDITIONAL INFORMATION**

For further detail, see the Company's financial statements for the six months ended May 31, 2022 and May 31, 2021. Additional information about the Company can also be found on [www.sedar.com](http://www.sedar.com).

## **CORPORATE DIRECTORY**

### **Head Office**

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### **Officers and Directors**

Jeffrey Wilson (Chief Executive Officer, President, and Director)  
Michael Moore (Vice President, Exploration)  
Vivien Chuang (Chief Financial Officer)  
Adrian Fleming (Chairman of the Board, and Director)  
Lon Shaver (Director)  
Alistair Waddell (Director)

### **Members of the Audit Committee**

Lon Shaver (Chair)  
Adrian Fleming  
Jeffrey Wilson

### **Members of the Compensation Committee**

Adrian Fleming (Chair)  
Alistair Waddell  
Lon Shaver

### **Legal Counsel**

Owen Bird Law Corporation  
2900 – 595 Burrard Street  
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Vancouver, BC, V7Y 1G6

### **Transfer Agent**

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Suite 2700 - 650 West Georgia St.  
Vancouver, BC, V6B 4N9