

**STONE GOLD INC.
(FORMERLY CR CAPITAL CORP.)**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –
QUARTERLY HIGHLIGHTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2021

Introduction

The following Interim Management's Discussion and Analysis ("Interim MD&A") of Stone Gold Inc. (formerly CR Capital Corp.) (the "Company") for the three months ended March 31, 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2020. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended December 31, 2020 and December 31, 2019, together with the notes thereto, and unaudited condensed interim financial statements for the three months ended March 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 25, 2021, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information about the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking information	Assumptions	Risk factors
The Company will be able to continue its business activities and exploration of its property interests as currently planned.	The Company has anticipated all material costs and risks, and such costs and activities will be consistent with the Company’s current expectations; the Company will be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; ongoing uncertainties relating to the COVID-19 pandemic; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans and exploration activities.	The operating activities of the Company for the twelve months ending March 31, 2022 will be consistent with the Company’s current expectations.	Sufficient funds not being available; increases in costs; ongoing uncertainties relating to the COVID-19 pandemic; the Company may be unable to retain key personnel.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated on December 13, 2002, and is a reporting issuer in British Columbia, Alberta and Ontario. The Company’s fiscal year end is December 31. The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. On August 26, 2020, the Company changed its corporate name from CR Capital Corp. to Stone Gold Inc. The Company’s shares commenced trading on the TSX Venture Exchange (“TSXV”) under the new name at the opening of trading on September 21, 2020 and under the new trading symbol “STG”.

Operational Highlights

Corporate

On January 13, 2021, 125,000 warrants with an exercise price of \$0.10 and expiry date of January 20, 2022 were exercised for gross proceeds of \$12,500.

On January 28, 2021, 1,250,000 warrants with an exercise price of \$0.10 and expiry date of January 20, 2022 were exercised for gross proceeds of \$125,000.

On February 1, 2021, the Company issued 30,000 common shares valued at \$4,500 to acquire an option on the Coppercorp Property. Refer to "Coppercorp – Glenrock Gold Property" section below.

On February 22, 2021, 200,000 warrants with an exercise price of \$0.075 and expiry date of October 9, 2021 were exercised for gross proceeds of \$15,000.

At March 31, 2021, the Company had a working capital of \$803,462, compared to working capital of \$905,383 at December 31, 2020. The Company had cash of \$1,015,021 at March 31, 2021, compared to \$1,075,884 at December 31, 2020. The decrease in cash and working capital was attributable to the Company's exploration expenditures and operating expenses which was offset by proceeds from warrants exercised.

Mount Jamie North Property

On June 3, 2020, the Company announced it entered into an option agreement with Bounty Gold Corp. (the "Vendor"), a private company, to purchase a 100% interest in the Mount Jamie North Property (the "MJ Property") located in Red Lake, Ontario. The MJ Property consists of certain mineral claims located in Todd Township, Red Lake Mining Division, District of Kenora, Northwestern Ontario.

Under the terms of the option agreement, the Company has the option to acquire a 100% interest in the MJ Property by making the following cash payments and share issuances:

- An initial cash payment of \$7,500 (paid) and the issuance of 150,000 common shares of the Company (issued and valued at \$14,250) by the seventh day following acceptance of the TSXV (the "Closing");
- A cash payment of \$7,500 (paid) and issuing 150,000 common shares (issued and valued at \$16,500) within 180 days after the Closing; and
- A cash payment of \$10,000 and issuing 200,000 common shares within one year after the Closing.

The Company can, at its option, accelerate the cash payments and common share issuances described above. All common share issuances by the Company will be subject to a statutory 4-month hold period as per Canadian securities law.

In addition, the Company will pay a 2.0% Net Smelter Return royalty (the "NSR") to the Vendor on commencement of commercial production. The Company will have the right, at any time and upon 30 days' notice, to purchase 1.0% of the 2.0% NSR for \$1,000,000.

On January 12, 2021, the Company entered into an asset purchase agreement with EMX Royalty Corporation ("EMX"), pursuant to which the Company will acquire certain mineral claims in Red Lake, Ontario from EMX. Under the terms of the agreement, EMX will receive a cash payment of \$10,000 (paid), the grant of a 1.5% NSR on the claims and will be issued 30,000 common share of the Company (issued

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and valued at \$4,500) for 100% ownership of the claims. The acquisition was completed on February 2, 2021.

The Company has completed an initial field geological examination, including an outcrop and trench sampling program. The highest assay reported was from a grab sample of a 10 cm wide quartz vein that returned 5.6 grams per tonne (g/t) gold and appears to be within the same stratigraphic package as the neighboring Mount Jamie and Rowan Mines.

A drone magnetic geophysical survey was completed which covered the interpreted favorable west-northwest geological trends over the Property. This survey has outlined areas of magnetic folding, offsets and washout which have aided in ranking areas for follow-up exploration. A lithochemical sampling program was conducted on the property. Drilling was recommended for the winter of 2021 in order to test these targets.

The Company completed a 952 m. diamond drill program in March 2021. The initial drill program tested 3 prioritized gold targets at the Mt. Jamie North Property. (See Subsequent Events Note 3)

Exploration and Evaluation Expenditures

	Three Months Ended March 31, 2021 \$	Three Months Ended March 31, 2020 \$
Mount Jamie North Property		
Property acquisition costs	14,500	nil
General and geology	29,394	nil
Drilling	136,806	nil
Activity during the period	180,700	nil

**Batchewana Bay Projects: Coppercorp – Glenrock Gold Project
Tribag and East Breccia Projects**

Coppercorp Project-Glenrock Gold Project

On March 16, 2018, the Company announced that a 43-101 Technical Report was filed under the Company's SEDAR profile at www.sedar.com on the 100% owned claims acquired from Superior Copper Corporation on March 5, 2018, and is situated in Ryan, Kincaid, Palmer, and Nicolet townships in the Province of Ontario.

The claim holdings, named the Coppercorp – Glenrock Gold Property (the “CG Property”), consist of 921 unpatented mining cell claims totaling approximately 18,770 hectares, and is situated on the eastern edge of the Midcontinental Rift (the “Rift”) with most of the Rift lying beneath Lake Superior. Numerous past-producing and present deposits have been discovered and mined around Lake Superior associated with the Rift, including the prolific native copper deposits of the Keweenaw Peninsula, Michigan from which over six million tonnes of copper were recovered between 1845 - 1972. The CG Property straddles the north-northwest trending unconformity between the Proterozoic Keweenaw Group rocks to the west and the Batchewana Greenstone Belt of the Archean Superior Province to the east. Multiple Keweenaw felsic intrusions and breccia bodies hosting copper, silver, cobalt and gold mineralization intrude the Archean Metavolcanic rocks throughout the CG Property and in the vicinity of the unconformity.

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Since 2018, research of previous exploration within the contiguous southeastern portion of the CG Property, separately named the Glenrock Gold Property, supported by the recent evaluation of surface rock and soil sample surveys, suggest the presence of a significant orogenic gold mineralizing system hosted by the Archean rocks of the Batchewana greenstone Belt.

Highlights of the recent exploration of the CG Property are the identification of multiple new exposures of surface gold mineralization in the Glenrock West and Northwest occurrences extending 300 metres west along strike to the west from the historic Glenrock Main and North occurrences. In total from the 2018-2020 evaluations, 81 grab, composite grab and chip rock samples obtained over an area of 400 by 350 metres, encompassing the four occurrences, returned an average Au value of 1.55 g/t Au ranging from 0.003 to 13.4 g/t Au. It is noted that grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property.

Exciting results include chip sampling returning an average 1.32 g/t Au over five metres across a rusty pyritic shear zone within silicified mafic volcanic rocks between the Glenrock West and Main occurrences and five 0.5 metre composite grab samples over six square metres of the Glenrock Northwest occurrence reporting an average grade of 5.82 g/t Au. The results of a soil survey over the same area outline Au anomalies coincident and supportive of the rock sampling results. Both the rock and soil sampling results plus the sampling of previously unanalyzed historic core combined with a geological re-evaluation indicate the major gold mineralizing system is open at depth, to the west into a swamp and to the east into an esker.

The gold-enriched area is spatially coincident with historic ground IP high chargeability and resistivity anomalies that were identified in a 1997 survey, and which are open-ended to the west and east. The geophysical, geological plus recent and historic geochemical results was compiled into a three-dimensional exploration model that have generated multiple priority, previously untested, diamond drill targets. These targets are planned for drill testing this year with the purpose of defining a major near-surface gold resource body.

The Company has received an Exploration Permit from the Ministry of Energy, Northern Development and Mines to complete diamond drilling on its CG Property. A consultation process with the Batchewana First Nation has resulted in their approval to conduct subsurface exploration on their traditional territory.

Within the larger Coppercorp portion of the CG Property, two prospects of copper mineralization are of particular interest which require follow-up exploration with the purpose of defining a major copper resource.

The first is within the five km long north-northwest trend of the past-producer Coppercorp Cu (+-Ag-Au) Mine which is hosted in deep seated fractures in Proterozoic mafic volcanic rocks. Recent results confirmed the presence of high-grade Cu-Ag-Au from surface grab sampling of chalcocite mineral occurrences reporting up to new 15.5% Cu, 51.7 g/t Ag, and 0.3 g/t Au along this trend from Coppercorp Mine, which remains essentially unexplored since the 1960s when the mine was in operation. This is supported by historic diamond drilling in 2013, up to 500 metres south-southeast along this trend from the mine which reported multiple Cu-Ag intersections including 4.9 metres of 7.27 % Cu and 145 g/t Ag and 1.9 metres of 2.88% Cu and 5.4 g/t Ag, respectively.

The second is from the Kincaid Cu Breccia area along the north-northwest striking Keweenawan-Archean unconformity where the clearing of logging roads in 2018 resulted in reveal of a newly exposed copper mineralized showing. Six composite grab samples obtained from along 40 metres of surface exposures along the side of the new road, located 700 metres north northwest along strike from the Kincaid Breccia Showing, returned an average 0.47% Cu with assays of up to 1.07% Cu plus multiple anomalous grab samples of occurrences in the area reporting values of up to 1.7% Cu. A 2014 diamond drillhole situated 800 metres to the west intersected at depth, in spatial association with the Keweenawan – Archean contact,

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97 metres of 0.63% Cu including 0.5 metres of 16.4% Cu, 3.1 g/t Au and 11 g/t Ag. Follow-up geophysical surveying is needed over this overburden covered area in order to define near-surface drill targets that will lead to these types of intersections in the Kincaid Breccia area.

On March 10, 2021, the Company announced that it entered into an option agreement (the "East Breccia Option Agreement") to earn a 100% interest in certain mineral claims in Batchewana Bay, Ontario making up the East Breccia project (the "East Breccia Project") and a second option agreement with current claims holders (the "Tribag Option Agreement") to earn a 100% interest in certain minerals claims in Batchewana Bay, Ontario making up the Tribag project (the "Tribag Project").

East Breccia Option Agreement

Under the terms of the East Breccia Option Agreement, the Company has the option to acquire a 100% interest in the East Breccia Project by making the following cash payments and shares issuances:

1. cash payment of \$15,000 (paid) on the day of acceptance of the transaction by the TSXV (the "Closing");
2. issuance of 200,000 common shares of the Company ("Shares") (issued in April 2021) by the 30th day following the Closing;
3. cash payment of \$25,000 and issuance of 200,000 Shares by the first anniversary of the Closing;
4. cash payment of \$35,000 and issuance of 200,000 Shares by the second anniversary of the Closing;
5. cash payment of \$40,000 and issuance of 100,000 Shares by the third anniversary of the Closing; and
6. cash payment of \$50,000 and issuance of 100,000 Shares by the fourth anniversary of the Closing.

To further maintain the East Breccia Option Agreement in full force and effect, the Company shall also incur cumulative exploration expenditures on the East Breccia Project of \$300,000 as follows: (1) \$100,000 on or before the second anniversary of the Closing; (2) \$100,000 on or before the third anniversary of the Closing; and (3) \$100,000 on or before the fourth anniversary of the Closing.

Under the terms of the East Breccia Option Agreement, the Company will pay a 2% NSR to the vendors on commencement of commercial production. The Company will have the right, at any time until one year after commercial production to purchase 1% of the 2% NSR for \$1,000,000.

Tribag Option Agreement

Under the terms of the East Breccia Option Agreement, the Company has the option to acquire a 100% interest in the Tribag Project by making the following cash payments and shares issuances:

1. cash payment of \$15,000 (paid) on the date of execution of the Tribag Option Agreement;
2. issuance of 500,000 Shares (issued in April 2021) by the 30th day following the Closing;
3. cash payment of \$30,000 and issuance of 250,000 Shares by the first anniversary of the execution date;
4. cash payment of \$15,000 and issuance of 250,000 Shares by the second anniversary of the execution date; and
5. cash payment of \$15,000 and issuance of 500,000 Shares by the third anniversary of the execution date.

To further maintain the Tribag Option Agreement in full force and effect, the Company shall also incur cumulative exploration expenditures on the Tribag Project of \$400,000 as follows: (1) \$100,000 on or before the second anniversary of the execution date; (2) \$100,000 on or before the third anniversary of the execution date; and (3) \$200,000 on or before the fourth anniversary of the execution date.

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Under the terms of the Tribag Option Agreement, the Company will pay a 2% NSR to the vendors on commencement of commercial production. The Company will have the right, at any time until one year after completion of any bankable feasibility study to purchase 0.5% of the 2% NSR for \$500,000, and at any time until one year after commercial production to purchase an additional 0.5% of the 2% NSR for \$750,000.

The Company has contracted Ronacher MacKenzie Geoscience Inc. of Sudbury Ontario to complete data input, compilation and modelling of the intersected mineralized intervals from historic diamond drilling of the Coppercorp, Tribag and East Breccia properties that make up the Batchewana Bay Projects. The Company expects to generate multiple new diamond drill targets and intends to drill these targets in fiscal 2021.

Exploration and Evaluation Expenditures

Coppercorp Property	Three Months Ended March 31, 2021 \$	Three Months Ended March 31, 2020 \$
Property acquisition costs	30,000	nil
General and geology	25,744	975
Activity during the period	55,744	975

Trends and Economic Conditions

Management regularly monitors economic financial market conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Beginning in Q2 of 2017 and until recently, equity markets in the junior resource exploration sector have been very difficult. The Company was able to raise \$1 million in July 2020 and \$0.5 million in December 2020 and has begun exploring on both properties.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global commodity prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this Interim MD&A, the Canadian federal government and the provincial government of Ontario have not introduced measures that have directly impeded the operational activities of the Company. Management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, 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.

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Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Related Party Transactions and Major Shareholder

(a) Related party transactions

Related parties include the Board and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Remuneration of directors and key management personnel (including Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and directors), other than consulting fees, of the Company was as follows:

Management compensation and salaries and benefits	Three Months Ended March 31, 2021 \$	Three Months Ended March 31, 2020 \$
Brian Howlett, Director and former CEO	3,000	nil
Eric Szustak, Director	3,000	nil
Gérald Riverin, Director	3,000	nil
John Timmons, CEO	18,000	nil
Mark Goodman, Director	3,000	nil
Marrelli Support Services Inc. ("Marrelli Support"), CFO fees ⁽¹⁾⁽²⁾	4,635	4,635
Morgan Quinn, Director	3,000	nil
Total	37,635	4,635

⁽¹⁾ The amounts charged are conducted on normal market terms and are recorded at their exchange value.

⁽²⁾ Professional fees are paid to Marrelli Support, an organization of which Carmelo Marrelli, the CFO of the Company, is president.

Salaries and benefits include director fees. The Board and officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to fees and stock options for their services. During the three months ended March 31, 2021, \$15,000 was paid or accrued for director fees. As at March 31, 2021, officers and directors (excluding the CFO) were owed \$13,077 (December 31, 2020 - \$1,602) and this amount was included in amounts payable and other liabilities.

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The Company entered into the following transactions with related parties:

Names	Three Months Ended March 31, 2021 \$	Three Months Ended March 31, 2020 \$
Marrelli Support ⁽ⁱ⁾	6,400	5,477
DSA Corporate Services Inc. (“DSA”) ⁽ⁱⁱ⁾	1,368	405
Marrelli Press Release Services Limited (“Press Release”) ⁽ⁱⁱⁱ⁾	2,220	530
Total	9,988	6,412

⁽ⁱ⁾ During the three months ended March 31, 2021, the Company paid professional fees of \$6,400 (three months ended March 31, 2020 - \$5,477) to Marrelli Support, an organization of which Carmelo Marrelli is Managing Director. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at March 31, 2021, Marrelli Support was owed \$2,379 (December 31, 2020 - \$2,914) and this amount was included in amounts payable and other liabilities.

⁽ⁱⁱ⁾ During the three months ended March 31, 2021, the Company paid professional fees of \$1,368 (three months ended March 31, 2020 - \$405) to DSA, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. As at March 31, 2021, DSA was owed \$4,104 (December 31, 2020 - \$339) and this amount was included in amounts payable and other liabilities.

⁽ⁱⁱⁱ⁾ During the three months ended March 31, 2021, the Company paid professional fees of \$2,220 (three months ended March 31, 2020 - \$530) to Press Release, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of Press Release. These services were incurred in the normal course of operations for press release matters. As at March 31, 2021, Press Release was owed \$1,363 (December 31, 2020 - \$1,110) and this amount was included in amounts payable and other liabilities.

All amounts due to related parties are unsecured, non-interest bearing and due on demand.

(b) Major shareholders

To the knowledge of the directors and senior officers of the Company as at the date of this Interim MD&A, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company. The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

Financial Highlights

Financial Performance

Three months ended March 31, 2021, compared with three months ended March 31, 2020

The Company's net loss totaled \$258,921 for the three months ended March 31, 2021, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$23,611 with basic and diluted loss per share of \$0.00 for the three months ended March 31, 2020. The increase of \$235,310 in net loss was principally because:

- Exploration and evaluation expenditures increased by \$235,469 to \$236,444 in the three months ended March 31, 2021, compared to the three months ended March 31, 2020. The increase was attributable to expenditures on the MJ Property and the CC Property. Refer to the "Mount Jamie North Property" and "Coppercorp – Glenrock Gold Property" sections above for more details;
- Professional fees increased by \$11,120 to \$24,030 in the three months ended March 31, 2021, from \$12,910 in the three months ended March 31, 2020 due to higher legal fees incurred during the current period;
- Management compensation increased by \$21,500 in the three months ended March 31, 2021, from \$nil in the three months ended March 31, 2020 due to payments to management during the current period compared to \$nil in the comparative period;
- Director fees increased by \$15,000 in the three months ended March 31, 2021, from \$nil in the three months ended March 31, 2020 due to director fees paid during the current period compared to \$nil during the comparative period since the directors of the Company have waived their director fees to conserve cash during the first quarter of 2020;
- The Company recorded an unrealized gain on marketable securities of \$nil during the three months ended March 31, 2021, compared to an unrealized gain of \$35,000 during the three months ended March 31, 2020. The decrease in unrealized gain of \$35,000 is due to the change in fair value of Yorbeau shares;
- The Company recorded a realized loss on marketable securities of \$nil during the three months ended March 31, 2021, compared to a realized loss of \$32,750 during the three months ended March 31, 2020. The decrease in realized loss of \$32,750 is due to the sale of 1,000,000 shares of Yorbeau for gross proceeds of \$27,250 for the three months ended March 31, 2020 compared to nil for the three months ended March 31, 2021;
- Premium on flow-through shares increased in the three months ended March 31, 2021, to \$65,086 compared to \$98 for the same period in 2020. The Company has adopted a policy whereby proceeds from flow-through issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting premium on flow-through shares on a pro-rata basis as the expenditures are made.
- All other expenses related to general working capital expenditures.

The Company's total assets as at March 31, 2021 were \$1,048,519 (December 31, 2020 - \$1,096,842) against total liabilities of \$245,057 (December 31, 2020 - \$191,459). The decrease in total assets of \$48,323

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resulted from cash spent on exploration expenditures and operating costs which was offset by proceeds from warrants exercised during the period. The Company has sufficient current assets to pay its existing liabilities of \$245,057 as at March 31, 2021. Liabilities include flow-through shares liability of \$84,207, which is not settled through cash payments. Instead, this balance is amortized against qualifying flow-through expenditures that are required to be incurred before December 31, 2021.

Pursuant to the terms of a flow-through share agreement, the Company is in the process of complying with flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of March 31, 2021, the Company is committed to incurring approximately \$742,000 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2021 arising from the flow-through offerings.

The Government of Canada has proposed extending the deadline to complete the necessary spending requirements from the issuance of flow-through shares raised in 2019 and 2020 by one year respectively. If the proposal is passed, the Company will have until December 31, 2022 to spend these amounts.

Cash Flow

At March 31, 2021, the Company had cash of \$1,015,021 compared to \$1,075,884 at December 31, 2020. The decrease in cash of \$60,863 from the December 31, 2020 cash balance of \$60,863 was a result of cash outflows in operating activities of \$213,363 which was offset by cash provided by financing activities of \$152,500. Operating activities were affected by adjustments for premium recovery on flow-through shares of \$65,086, shares issued for acquisition of mining property of \$4,500 net change in non-cash working capital balances of \$106,144 because of an increase in amounts receivable and other assets of \$12,540 and an increase in amounts payable and other liabilities of \$118,684. Financing activities consisted of proceeds from exercise of warrants of \$152,500.

Liquidity and Financial Position

As at March 31, 2021, the past activities of the Company were primarily financed through equity and the exercise of stock options and warrants. During the three months ended March 31, 2021, 1,575,000 warrants were exercised for aggregate gross proceeds of \$152,500

As at March 31, 2021, the Company had \$1,015,021 in cash (December 31, 2020 – \$1,075,884). Cash decreased due exploration expenditures and operating expenses which was offset by proceeds from exercise of warrants.

Amounts payable and other liabilities increased to \$160,850 as at March 31, 2021, compared to \$42,166 at December 31, 2020. The variation is primarily the result of fluctuations in amounts payable and other liabilities, which are usually paid as and when they become due.

The Company has no operating revenues; and therefore, must utilize its current cash reserves and other anticipated transactions to meet ongoing operating activities.

As of March 31, 2021, and the date of this Interim MD&A, the cash resources of the Company were held with one Canadian chartered bank.

The Company had no debt as at March 31, 2021, and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing.

The Company raised capital of \$1,000,000 in July 2020 and \$500,000 in December 2020 and therefore, the Company will be able to pay its overhead costs, liabilities and conduct exploration expense for both properties.

See "Risk Factors" below and "Trends and Economic Conditions" above.

New Accounting Standard Adopted During the Year

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

Outlook

The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. Management is also investigating some mineral property acquisitions.

The Company will need to secure additional financing to meet its ongoing obligations; however, there is no assurance that the Company will be able to do so. See "Risk Factors".

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for year ended December 31, 2020, available on SEDAR at www.sedar.com.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence in that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements, and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Subsequent Events

(i) On April 22, 2021, the Company announced that it received TSXV approval for the option agreement to earn a 100% interest in the East Breccia Project and the Tribag Project. In accordance with the option agreements, the Company issued 700,000 common shares of the Company to the vendors. The common shares issued are subject to a statutory four months and a day hold period.

(ii) On April 28, 2021, the Company announced the appointment of Birks Bovaird to its Board of Directors. The Company also announced Brian Howlett's resignation from the Board of Directors.

(iii) On April 28, 2021 the Company announced drill results from the Mt. Jamie North Drill Program. The drill program encountered no significant gold mineralization. The Company intends to exercise the option on the Mt. Jamie North Property and continue exploration efforts.