



This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements of Klondike Gold Corp. (“Klondike Gold” or the “Company”) for the years ended February 28, 2022 and 2021. This MD&A has been prepared as of June 27, 2022. All amounts are expressed in Canadian dollars unless otherwise stated.

The Company’s consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is extending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

This MD&A includes some statements that may be considered “forward-looking statements”. All statements in this discussion that address the Company’s expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

The technical and scientific information contained within the MD&A has been reviewed and approved by Peter Tallman, P.Geol., President and CEO of the Company and Qualified Person as defined by National Instrument 43-101 policy.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Company’s website at [www.klondikegoldcorp.com](http://www.klondikegoldcorp.com).

## **CORPORATE INFORMATION**

Klondike Gold is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol “KG”.

The Company is a resource exploration stage company engaged in the acquisition and exploration of mineral properties in the Yukon Territory. The Company holds offices in Vancouver, British Columbia, and Dawson City, Yukon Territory. The head office is located at Suite 3123 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1 and the Company’s registered and records office is located at Suite 2500 – 700 West Georgia Street, Vancouver, British Columbia, V6Y 1B3.



The Company is focused on exploration and development of its Yukon gold projects covering 585 square kilometers of hard rock and 24 square kilometers of placer claims located approximately 20 km south of Dawson City, Yukon Territory. The Yukon gold projects are accessible by government maintained roads 20 km south of Dawson City, Yukon Territory within the Tr'ondëk Hwëch'in First Nation traditional territory.

As at February 28, 2022, the Company had working capital of \$2,661,439 (February 28, 2021 - \$2,698,521) and cash of \$2,670,335 (February 28, 2021 - \$2,853,355). For the year ended February 28, 2022, the Company reported loss of \$627,642, and an accumulated deficit of \$62,745,451 at that date. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The material uncertainty of the Company's success in raising additional capital funding casts significant doubt on the Company's ability to continue as a going concern.

In November 2021 the Company completed a private placement financing, raising total aggregate proceeds of \$3,516,727 of which \$2,395,000 are flow-through funds.

On April 25, 2022 the Company filed a Technical Report dated with an effective date of January 30, 2022, entitled "Independent Technical Report for the Klondike District Gold Project, Yukon, Canada". The Technical Report was prepared in accordance with the National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.klondikegoldcorp.com](http://www.klondikegoldcorp.com).

Expected near-term milestones include the completion of an initial inferred mineral resource as part of its 2022 exploration program. Upon release of the mineral resource, Klondike Gold also expects to commission a preliminary economic assessment ("PEA") for completion in 2023.

## **DESCRIPTION OF PROPERTIES**

The Company holds one large contiguous district-spanning property in the Yukon, plus three placer gold properties overlapping parts of the same area.

### **YUKON PROPERTIES**

The Yukon properties consist of the Klondike District Project and the Klondike Placer Gold Property. In late 2020 the Company expanded the Klondike Placer Gold Property holdings by staking eight new placer claims adding 29.6 hectares to the 'Eldorado Creek Bench' Property and locating eight new placer exploration leases for 458 hectares named 'Upper Eldorado Creek Leases' Property. The exploration leases have now been converted to placer claims reflected in the following summary table. These acquisitions adjoin the Company's existing placer properties in the Eldorado Creek area and create one large connected block.



Klondike Yukon Properties Summary:

<b>Ownership</b>	<b>Property</b>	<b>Property Type</b>	<b>Number of Claims</b>	<b>Area (sq. km)</b>	<b>Royalty</b>
Klondike Gold	Klondike District	Claims	1811	332.0	
Klondike Gold	Klondike District	Crown Grants	14	2.0	
Klondike Gold	Klondike District	Claims-Gimlex	1230	244.2	2%
Klondike Gold	Klondike District	Claims-Burkhard	6	1.2	2%
Klondike Gold	Klondike District	Claims-Sophie	31	5.3	1%
<b>TOTAL CLAIMS</b>			<b>3078</b>	<b>584.7</b>	
Klondike Gold	Placer	Montana Creek	239	13.4	5%
Klondike Gold	Placer	Upper Eldorado Creek	53	3.2	
Klondike Gold	Placer	Eldorado Creek Bench	69	2.8	
Klondike Gold	Placer	Upper Eldorado Creek Bench	92	4.4	
<b>TOTAL PLACERS</b>			<b>453</b>	<b>23.8</b>	

**Klondike District Project**

The Klondike District Project is comprised of 585 square kilometers of contiguous quartz claims which overlie and span the Klondike District, historically regarded as the ‘Klondike Gold Rush’ region which has produced an estimated 20 million ounces of gold from surface alluvial creek gravels since 1896. The table above reflects the combined district holdings, both quartz and placer, and is differentiated by whether or not the claim holding is encumbered by a royalty payable. All of the quartz claims will remain in good standing at least until 2028 without further expenditure.

Through systematic exploration from 2015 to the present, the Company has identified significant prospective areas by drilling at the Lone Star Zone (along the Bonanza fault), the Stander Zone (along the Nugget Fault), the Gold Run target, the Gay Gulch target (along the Eldorado Fault), and the French Gulch target (along the Irish Fault). The Company’s exploration is focusing on the Lone Star Zone and the Stander Zone covering approximately 10% of the total land position in the northwest end of the Klondike District Property. Other areas identified by prospecting and/or outlined by soils and geophysics need additional work to vector exploration and have yet to be significantly drill tested. Work in 2020 identified significant new gold targets similar in size and structural characteristics to Lone Star or Stander Zones. Work in 2021 has focused on expanding the footprint of Lone Star Zone mineralization and finding additional extensions to the Stander Zone and Gay Gulch target areas. Work is underway in 2022 initially testing a 1 km area aiming to extend the strike length of mineralization at the Stander Zone. Exploration continues to affirm multiple local sources of bedrock gold mineralization which explain placer deposits exploited historically within the Klondike District.

The Company’s exploration of the Klondike District Project supports an orogenic gold deposit model of mineralization with similarities including structural style, and age and veining style to the nearby Golden Saddle



deposit discovered by Underworld Resources and acquired by Kinross Gold Corp. in 2011 for \$140 million, and the Coffee deposit discovered by Kaminak Gold (“Kaminak”) and acquired by Goldcorp Inc. (“Goldcorp”) in 2016 for \$520 million. The Goldcorp acquisition of Kaminak for its Coffee Gold Project (“Coffee”) and subsequent work to place the Coffee deposit into commercial production has renewed interest in the gold potential of the region, as have exploration joint ventures or equity investments by Newmont, Barrick, Agnico Eagle, Coeur Mining and others with nearby junior explorers. In April 2019 Newmont Mining acquired Goldcorp Inc. for \$10 billion giving rise to Newmont Goldcorp Corporation, renamed “Newmont” in early 2020, the world’s largest gold producer by market value, output and reserves. Golden Predator Mining Corp. is also working locally to develop the Brewery Creek heap leach gold project located 75 km east by road. This is a restart of the Loki Gold Mine operated by Viceroy Resources from 1996 to 2002. Of regional significance, Victoria Gold Corp. (“Victoria Gold”) in late 2020 commissioned Canada’s newest gold mine located in Yukon, 150 km east of the Company’s Klondike District Project.

Within the Company’s Klondike District Project, the new “Stander” Zone name replaces the “Nugget” Zone moniker. The zone name honors Anton Stander, the first discoverer of placer gold on Eldorado Creek in August 1896, two weeks following the discovery of placer gold on Bonanza Creek. Ultimately, Eldorado Creek became the richest creek of the Klondike gold rush. The major bedrock source of Eldorado Creek placer gold is from coarse gold-bearing quartz veins considered to originate in the Stander Zone.

### ***Regional Setting and Infrastructure***

In September 2017, the Yukon government and the federal government announced over \$360 million in combined federal and territorial funding to improve road access in two mineral-rich areas: the Dawson Range in central Yukon and the Nahanni Range Road in southeastern Yukon. The Dawson Range project includes the network of all resource access roads within the Company’s Klondike District Project. This multi-year construction to upgrade roads through the project, underway starting 2020, will improve the Company’s access and lower operating costs.

Additionally, the proposed Coffee Gold Mine haul road also transects the middle of the Company’s Klondike District Project, and this access is planned to be substantially upgraded in conjunction with Coffee mine construction. Nearby, the Brewery Creek Gold Mine (formerly the c.1980’s Loki Gold Mine) is advancing towards a production restart decision with updated 2020 mineral resource estimate, new camp and mine construction infrastructure, and a Feasibility Study underway.

In 2018, the Yukon government funded a project to upgrade the Dawson airport from gravel to a paved runway, and to construct an all-weather airport maintenance facility. This significant airport upgrade work sufficient to accommodate 737 passenger jet service was completed in May 2019. Direct Vancouver to Dawson jet service is under consideration and if approved would upgrade the already excellent access.

From 2019 through 2022, the Yukon government is conducting a multi-year construction upgrade of the Klondike Highway between Carmacks and Dawson City. The upgrade was significantly expanded in 2021 between Stewart Crossing and Dawson (180 km distance); completed segments all exhibit improved road durability and stability and has so far resulted in greater road safety and improved haulage capacity.



In 2020 Victoria Gold finished construction and declared commercial production at the Eagle Gold Mine located in Yukon 150 km east of the Company's Klondike District Property. Eagle Gold Mine is a heap leach operation designed to produce 210,000 ounces of gold annually for over 10 years.

In general, the Company benefits considerably from excellent access to government roads within our project area, as well as direct access to the Klondike Highway, the Dawson airport, and power, water and town facilities and infrastructure in Dawson City among others, plus heavy equipment availability and considerable local mining expertise, plus the local traditional knowledge encapsulated in Dawson-based Trondek Hwechin elders.

### ***2022 Work Program***

In 2022, Klondike Gold plans to complete approximately 6,000 meters of drilling using up to 2 drill rigs. Work will initially target potential extensions to gold mineralization at the Stander Zone, which has previously yielded near surface drill intersections with the highest gold grades of any prospect identified to date at the project. Further drilling is planned to test for extensions to Lone Star Zone gold mineralization and to test other high priority new targets.

Klondike Gold plans to declare an initial inferred mineral resource as part of its 2022 exploration program. This work will be based upon 2015 to 2021 drilling results at the Lone Star Zone and Stander Zone gold discoveries. Upon release of the mineral resource, Klondike Gold also expects to commission a PEA for completion in 2023. In preparation for the PEA, the Company's 2022 field work includes metallurgical testing and additional permitting, as well as environmental and heritage resource studies.

Klondike Gold has recently expanded its geological team and has begun retaining engineering and other outside contractors to form an experienced, multi-disciplinary group with the objective to deliver significant advances to the project over the current year. The project team is currently completing the work necessary for underpinning the initial inferred mineral resource and will be directing 2022 exploration work to expand known zones of mineralization and identify and test new targets. Field work began in late April and drilling commenced in mid-May with work in progress and all results pending at this time.

### ***2021 Work Program***

The 2021 exploration/resource drilling program consisted of four phases totalling approximately 7,687 meters drilled.

Phase 1 exploration drilling focused on discovering bedrock sources of gold at the historic the Virgin/Lindow Target areas. Five holes totalling 356 meters of core were drilled. Narrow quartz veins containing some gold were intersected with local values of up to 0.5 g/t Au over 1.0 meter. Significantly these veins strike ~320 azimuth and dip ~35 degrees northeast, close to the same orientation as all the gold bearing quartz veins discovered within the Klondike District property, continuing to point to a district-scale gold mineralizing event.

Phase 2 drilling tested the Lone Star Zone in two phases.



Drilling at Lone Star Zone ‘East’ (Phase 2a) tested for an eastern extension of the Lone Star Zone along strike with 12 holes totalling 1,222 meters. Near-surface gold mineralization was intersected in all holes which significantly extended the Lone Star Zone eastward by 250 meters or ~25% greater in length with these results. Assay highlights from this phase of Lone Star Zone Phase 2a drilling includes:

- **1.70 g/t Au over 14.6 meters from 21.0 meters to 35.6 in LS21-388**
- **1.08 g/t Au over 49.65 meters from 40.35 meters to 90.0 meters in LS21-389**
- **2.9 g/t Au over 11.0 meters from 15.0 meters to 26.0 meters in LS21-392**
- **3.23 g/t Au over 6.0 meters from 58.0 meters in LS21-394**
- **0.84 g/t Au over 29.0 meters from 4.0 meters to 33.0 meters in LS21-399**
- **1.11 g/t Au over 23.5 meters from 1.5 meters to 25.0 meters in LS21-410**

Drilling at the Lone Star Zone ‘deep’ area (Phase 2b) tested the downslope and potential down-dip extension of the Lone Star Zone with 13 holes totalling 2,661 meters with significant positive intersections. At ~200 meters vertical depth, these latest Phase 2b drill results from the Lone Star Zone intersected the deepest gold mineralization yet. In addition, Lone Star Zone gold mineralization has demonstrated continuity along the downhill slope dip length over 350 meters distance. This is a substantial increase from 200 meters previously. All dimensions remain open. Assay highlights from this phase of Lone Star Zone Phase 2b drilling includes:

<b>Hole ID</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Au (g/t)</b>	<b>Length (m)</b>
LS21-391	189.00	198.00	0.48	9.00
LS21-391	189.00	218.00	0.27	29.00
LS21-391	232.00	252.00	0.49	20.00
LS21-396	5.00	10.00	0.72	5.00
LS21-397	7.00	157.00	0.35	150.00
LS21-397	7.00	17.00	0.94	10.00
LS21-397	64.00	82.00	0.53	18.00
LS21-397	93.00	131.00	0.74	38.00
LS21-398	93.83	107.00	0.58	13.17
LS21-399	4.00	33.00	0.84	29.00
LS21-400	117.00	130.00	0.52	13.00
LS21-401	14.00	55.00	0.20	31.00
LS21-402	105.00	124.36	0.60	19.36
LS21-402	156.00	214.00	0.62	58.00
LS21-403	1.52	46.00	0.37	44.48
LS21-403	65.00	80.77	0.47	15.77
LS21-404	139.00	146.00	0.82	7.00
LS21-405	235.00	239.27	0.43	4.27
LS21-406	18.00	34.00	0.41	16.00





Hole ID	From (m)	To (m)	Au (g/t)	Length (m)
LS21-407	22.00	42.00	0.51	20.00
LS21-407	134.00	139.00	0.49	5.00
LS21-407	134.00	172.20	0.24	38.20
LS21-407	158.00	172.20	0.43	14.20

Phase 2 program results will be included in a planned mineral resource estimate generated from a 950 meter by 200 meter size area of 50-meter spaced drilling within the 3,000+ meter overall length of Lone Star Zone as currently defined by widely spaced drill holes and outcrop samples.

Phase 3 drilling tested the Stander Zone area for extensions to mineralization in all directions with 20 holes totalling 2602 meters of drilling. Stander Zone Phase 3 testing was completed in August. All drill results are still pending.

Phase 4 Drilling along the Eldorado Fault in Eldorado Creek tested over a 4 kilometer length, including the Gay Gulch target, with 13 holes totalling 846 meters of drilling. At Gay Gulch, EC21-439 intersected sheeted gold-bearing quartz veins hosted within and adjacent a graphitic thrust fault with the best individual assay of 30.97 g/t Au over 0.50 meters from 40.0 meters downhole. Additionally, EC21-440 intersected sheeted gold-bearing quartz veins across a broader interval, interpreted to be a 'mineralization halo' that assayed 0.29 g/t Au over 30.0 meters from 33.0 meters downhole. Intersections are approximately true width based on oriented core measurements of gold bearing veins.

Klondike Gold contracted GeoCloud Analytics of Melbourne, Australia, to complete a detailed re-interpretation of the 2019 LIDAR survey data (see news release dated 23 September 2021). Approximately 60% of the Klondike District Property covering priority exploration areas has been reimaged with significant results including mapping >5,000 undocumented pits or shafts. The work is in progress with property mapping expected to complete in August 2022.

SRK Consulting of Toronto, Ontario, completed a Geology NI 43-101 Technical Report on the Klondike District Gold Project (the "Technical Report") located in the Dawson Mining District, Yukon, Canada and this has been filed on SEDAR at [www.sedar.com](http://www.sedar.com). The Technical Report dated April 25, 2022, with an effective date of January 30, 2022, is entitled "Independent Technical Report for the Klondike District Gold Project, Yukon, Canada". The Technical Report was prepared in accordance with NI 43-101.

### **Quality Assurance and Methods**

Drill core samples, prospecting rock samples, and soil samples are submitted by Klondike Gold personnel to Bureau Veritas Mineral Laboratories ("BV Labs") with chemical analysis of sample pulps completed in Vancouver, British Columbia. BV Labs is an accredited ISO 9001:2008 full-service commercial laboratory. All drill core samples are assayed for gold by fire assay fusion with a gravimetric finish. Sampling/assay procedures and protocols can be viewed on the Company's website at:

<http://www.klondikegoldcorp.com/projects/sampling-and-assay-protocols/>.



## **YUKON PLACER GOLD PROPERTIES**

The Yukon Placer Gold properties include the Upper Eldorado Creek Placer, the Eldorado Creek Bench and the Montana Creek (also known as 'McKinnon Creek' or 'Indian River') Placer Projects. Previously these three property groupings have been aggregated.

### ***Upper Eldorado Creek Placer Project – Dulac Mining Lease***

The Upper Eldorado Creek placer project is located 25 km south of Dawson City within the heart of the Klondike Gold Fields. The Eldorado Creek Placer property is comprised of 53 contiguous placer claims totaling 3.2 square kilometers in area covering the Upper Eldorado Creek and Chief Gulch drainages. In September 2019, the Company entered into a lease agreement with Dulac Mining Ltd. ("Dulac Mining") whereby Klondike Gold assigns to Dulac Mining the rights and permits to placer mine on the Upper Eldorado Creek property. Under the terms of the lease agreement, Klondike Gold will receive from Dulac Mining a direct 10% gold production royalty from mining on the placer property payable in raw gold. The lease agreement is for a term of 3 years, expiring July 2022, and is renewable thereafter subject to approval by both parties. In late September 2019, Dulac performed work including 4 days of 'test mining'. Dulac Mining began preparation work, then stripping and processing in April to October 2020.

Dulac Mining recovered a total of 500 ounces of raw gold in total from 2020 processing. In October 2020 the Company received a payment from Dulac Mining as per the lease agreement of 50.14 ounces of raw gold. The Company paid applicable Yukon production royalties, and fees associated with refining the raw gold to commercial purity. Following refining, the Company possesses physical 35.8 ounces of gold (0.9999 purity) and 11 ounces of silver (0.9990 purity).

Dulac Mining recovered a total of 94.6 ounces of raw gold in total from 2021 processing. In October 2021, the Company received a lease payment of 9.5 ounces of raw gold from Dulac Mining. Following refining the Company received physical 6.2 ounces of gold (0.9999 purity).

Dulac Mining began work on the project in early June 2022 with mining underway at this time. The Company expects to reach a renewal agreement with Dulac Mining in the near future.

### ***Eldorado Bench Placer Project***

The Eldorado Bench placer project is located 25 km south of Dawson City within the heart of the Klondike Gold Fields. The Eldorado Creek Bench Placer property has previously been comprised of 69 non-contiguous placer claims totaling 2.8 square kilometers in area covering the east slope along Eldorado Creek.

### ***Upper Eldorado Creek Bench Project***

New placer staking in 2021 has filled in gaps between the Upper Eldorado Creek Placer (Dulac Lease) and the Eldorado Bench Placer properties. This new area of leases has recently successfully been converted to 92 claims covering an additional 4.4 square kilometer area.





Taken together, the Company now has 214 contiguous claims in the Upper Eldorado area covering 10.4 square kilometers within these three named projects. This will greatly facilitate placer mine planning and permitting in future operations.

In December 2021, the Company applied for a placer exploration and mining permit for the expanded project area. This permit has received several interim approvals and is now pending full approval from the Yukon Water Board.

### ***Montana Creek Placer Project***

The Montana Creek placer project is located 55 km south of Dawson City within the southern boundary of the Klondike Gold Fields. Approximately 60% of the Montana Creek property has been tested by 350 auger drill holes between 2005 and 2015 to locate and delineate White Channel Gravel 'pay streaks'. Gold was recovered from nearly 100% of the holes in the main target area. Drill results indicate gold-bearing gravels extend over a distance of more than 3 kilometers and remain open for expansion to the east and south.

The Company received royalties from gold production on the Montana Creek property of \$216,341 in 2014 and \$526,994 in 2015, from a total production in those years of 4,300 ounces of raw gold.

In early 2017, the Company applied to renew mining extraction permits for 10 years. The Company has received (late 2019) approval of mining extraction from the Yukon Environmental and Socio-economic Assessment Board and recently (April 29, 2020) received a mining permit and water licence for a 7-year mine life plus a 3-year remediation period from the Yukon Water Board, now still pending an approval of a revised 'Wetland Reclamation Plan' from the Yukon Department of Energy, Mines and Resources.

## **OVERALL FINANCIAL PERFORMANCE**

### **Results from Operations**

As at February 28, 2022, a total of \$26.30 million was held in exploration and evaluation assets (February 28, 2021 - \$23.69 million), which is invested in the Yukon. Total assets increased to \$29.99 million (February 28, 2021 - \$27.82 million).

#### *Three months ended February 28, 2022 and 2021*

The Company's loss for the three months ended February 28, 2022, was \$190,733 compared to loss of \$184,087 for the three months ended February 28, 2021. Loss remained consistent for the three months ended February 28, 2022 and 2021.

#### *Years ended February 28, 2022 and 2021*

The Company's loss for the year ended February 28, 2022, was \$627,642 compared to loss of \$1,316,320 for the year ended February 28, 2021. The decrease in loss for the year ended February 28, 2022, as compared to the



prior period, was primarily due to increased other income - flow-through of \$247,274, and a decrease in share-based compensation of \$407,373.

### **SUMMARY OF SELECTED ANNUAL INFORMATION**

	Feb. 28, 2022	Feb. 28, 2021	Feb. 29, 2020
	\$	\$	\$
Total assets	29,987,878	27,823,458	24,375,036
Loss	(627,642)	(1,316,320)	(1,173,867)
Loss per share	(0.00)	(0.01)	(0.01)

### **SUMMARY OF QUARTERLY RESULTS**

#### **Quarter Ended**

	Feb 28, 2022	Nov 30, 2021	Aug 31, 2021	May 31, 2021
	\$	\$	\$	\$
Revenue	-	-	-	-
Loss and comprehensive loss	(190,733)	(73,435)	(90,348)	(273,126)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	Feb 28, 2021	Nov 30, 2020	Aug 31, 2020	May 31, 2020
	\$	\$	\$	\$
Revenue	-	-	-	-
Income (loss) and comprehensive income (loss)	(184,087)	(814,822)	(590,374)	272,963
Income (loss) per share	(0.01)	(0.01)	(0.00)	0.00

### **FINANCIAL LIQUIDITY AND CAPITAL RESOURCES**

The Company had working capital of \$2,661,439 at February 28, 2022, compared to working capital of \$2,698,521 at February 28, 2021. The Company's cash position at February 28, 2022, was \$2,670,335 and at February 28, 2021, was \$2,853,355.

During the year ended February 28, 2022, the Company's cash decreased by \$183,020. Cash provided by financing activities included \$3,319,675 received on the issuance of common shares, net of share issuance costs, partially offset by \$145,613 used for lease payments. Cash used in investing activities was \$2,630,928 to fund exploration and evaluation asset expenditures, partially offset by \$54,846 in net proceeds from the sale of marketable securities. Cash used in operating activities totaled \$781,000.



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## **SHARE CAPITAL INFORMATION**

The authorized share capital of the Company consists of an unlimited number of common shares.

As at the date of this MD&A, the Company has 152,079,042 common shares issued and outstanding on a non-diluted basis. The Company also has 17,610,280 warrants and 11,669,500 stock options outstanding, which are exercisable to acquire one common share of the Company.

## **RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions and had the following balances payable with related parties. The transactions were recorded at fair value. Balances outstanding are non-interest bearing, unsecured and have no specific terms of repayment.

- a) During the year ended February 28, 2022, the Company was charged management fees of \$150,000 (2021 - \$140,000) by a company owned by the CEO of the Company. Of this amount, \$112,500 (2021 - \$73,600) was included in additions to exploration and evaluation assets on the statements of financial position. As at February 28, 2022, \$26,250 was payable to this Company (February 28, 2021 - \$26,250).
- b) During the year ended February 28, 2022, the Company was charged \$155,167 (2021 - \$170,229), \$35,167 of which was share issue costs (2021 - \$50,229) by a company whose CEO is a director of the Company, for corporate administration services included in consulting in profit or loss.

### **Key Management Compensation**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

There was \$nil for vested stock options granted to directors and officers of the Company, and affiliated companies of directors and officers of the Company, included in share-based compensation for the year ended February 28, 2022 (2021 - \$344,175).

## **NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

The Company has not applied the following revised IFRS that has been issued but was not yet effective at February 28, 2022. This accounting standard is not currently expected to have a significant effect on the Company's accounting policies or financial statements.

- IAS 16, Property, Plant and Equipment - Proceeds before Intended Use (effective for annual periods beginning on or after January 1, 2022). The amendment prohibits deducting from the cost of property, plant



and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss.

## **FINANCIAL INSTRUMENTS**

The fair values of the Company's cash, restricted cash, amounts receivable, reclamation bond, trade and other payables, and lease approximate their carrying value, due to their short-term maturities and market interest rate. Common shares of publicly traded companies included in investments are classified as FVTPL and measured using Level 1 inputs. Warrants of publicly traded companies included in investments are classified as FVTPL and measured using Level 2 inputs.

As at the date of this report, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is attributable to cash, restricted cash and amounts receivable. Cash and restricted cash are held with large Canadian banks or brokerages. Management believes the risk of loss to be remote. The Company's amounts receivable is primarily comprised of amounts owing from Dulac Mining for royalty payments (Note 7(a)) and the Government of Canada for input tax credits receivable. Accordingly, the Company does not believe it is subject to significant credit risk.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes, the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year. The Company is subject to liquidity risk.

### ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

#### **i) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash and restricted cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values of the Company's cash and restricted cash balances as at the date of this report. The Company does not have any interest bearing debt.



ii) **Foreign currency risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's purchases are predominantly transacted in Canadian dollars.

iii) **Price risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators.

The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below. The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

### ***Financing***

The Company's future financial success depends on the ability to raise additional capital from the issue of shares or the discovery of properties which could be economically justifiable to develop. Such development could take years to complete and resulting income, if any, is difficult to determine. The sales value of any mineralization potentially discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.



### ***Properties***

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

### ***General Resource Exploration Risks and Competitive Conditions***

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets and processing equipment, and changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

### ***Timeliness of Results***

Analytical results may be unduly delayed again this year due to work restrictions related to COVID-19 protocols at the Company's contracted independent analytical laboratories. The Company uses two analytical streams; inductively coupled plasma – mass spectroscopy ("ICP-MS") for alteration and trace elements, and a quantitative metallic screen fire assay for determining gold content. ICP-MS involves less labour and analytical process time and provides the Company with non-quantitative indications of gold (effectively a yes/no indication) as well as information on the overall component rock chemistry. Metallic screen fire assay is a multi-stage process involving more labour and process time. Samples submitted to the Company's laboratories are put through various preparatory and analytical steps; sample analyses may continue to experience extended delay prior to receipt of analytical results over which the Company has no control.

### ***Governmental Regulation***

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.





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## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the financial statements require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Company's critical accounting estimates include the valuation of share-based compensation, while its critical accounting judgements include carrying amount of mineral properties under exploration and the measurement of current and deferred income taxes. Details of these assumptions can be found in Note 2 to the annual consolidated financial statements for the year ended February 28, 2022.

## **MANAGEMENT AND BOARD OF DIRECTORS**

At the AGM held on November 25, 2021, Anne Labelle joined the Board of Directors, replacing Tara Christie. Ms. Christie remains as an advisor to the Company. There have been no other changes to the board of directors or management.

## **OUTLOOK**

The Company's continued exploration program has shown promising results from drilling as well as prospecting and other surveying throughout the entirety of the Klondike District Property. Exploration in 2015 through 2021 has identified gold mineralization in outcrop and drilling through the 55 km length of the Klondike District that indicates the area has considerable exploration potential for both bulk tonnage disseminated and narrow high-grade vein gold deposits that warrant further testing. A 2019 drill intersection of 1,009 g/t Au and 1.036 g/t Ag over 1.0 meter is an acknowledged world-class interval which highlights the potential for further significant discoveries. Bedrock gold discoveries to date at the Lone Star Zone, Stander Zone, and Gold Run target among others can be shown in each case to be the local sources of alluvial gold of the "Klondike Gold Rush".

The Company has identified an orogenic gold model with similarities to both the nearby Coffee Gold deposit and Golden Saddle mineral resource that guides exploration and predicts the Klondike District has significant potential for future discovery of gold mineralization. The recent and continued results from Lone Star and Stander drilling have, in the opinion of Company's management, upgraded the potential of the Klondike District properties to host significant in situ gold mineralization. The Company has begun working towards a maiden mineral resource estimate for the Lone Star Zone. Continued 2021 drill testing has been positive and expanded mineralization dimensions at Stander, Lone Star, and Gay Gulch targets; requisite independent contractors have completed on site visit(s) as required leading in 2022 to production of a (NI 43-101 compliant) geological report which was



released April 25, 2022, and this to be followed by a planned ‘maiden’ mineral resource estimate report. These reports each represent major milestones for the Company.

Management believes there is potential for further discoveries and concomitant possibility for value creation at its gold properties in the Klondike District, Yukon. The Company’s conviction in continued well-planned, efficient exploration remains unchanged, however management recognizes the need to safeguard the Company’s treasury and advance its programs in measured steps. The Company is well funded for its operations through 2022. Additional funding may be required.

In general, management is acting on the expectation that successful exploration that yields gold discoveries can add significant value to shareholders at a time of rising demand for the commodity.

### **COVID-19 UNCERTAINTY**

Since March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has developed comprehensive protocols filed with and approved by the Yukon government with measures to mitigate spread of COVID-19 into/through the territory. Currently all employees are fully vaccinated, and visiting contractors are required to isolate prior to first reporting to site and also strongly encouraged to obtain vaccination prior to arriving. Unavoidably, timelines for work conducted by contractors and suppliers has significantly lengthened. The Company expects uncertainty and potential for work delays or work stoppages to continue into 2022. If deemed necessary by the Company or in addition to measures required by governments, all measures will continue to be taken to protect the community and population during the time required to administer vaccinations broadly.

The duration and impact of the COVID-19 pandemic on community and business, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.