



This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited condensed interim consolidated financial statements of Klondike Gold Corp. (“Klondike Gold” or the “Company”) for the three and six months ended August 31, 2022 and 2021. This MD&A has been prepared as of October 27, 2022. All amounts are expressed in Canadian dollars unless otherwise stated.

The Company’s 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 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.Geo., 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 August 31, 2022, the Company had working capital of \$652,813 (February 28, 2022 - \$2,661,439) and cash of \$751,574 (February 28, 2022 - \$2,670,335). For the six months ended August 31, 2022, the Company reported loss of \$309,046, and had an accumulated deficit of \$63,054,497 at that date (February 28, 2022 - \$62,745,451). 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 showing (along the Eldorado Fault) among others. The Company’s exploration in 2022 has focused on the Stander Zone and Gay Gulch showing in the northwest end of the Klondike District Project. 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 underway in 2022 has tested a 1 km area aiming to extend the strike length of mineralization at the Stander Zone and 400 meters of length at the Gay Gulch showing. (All 2022 assay results are pending). 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 Inc. and acquired by Kinross Gold Corp. in 2011 for \$140 million, and



the Coffee Gold Project deposit (“Coffee Project”) discovered by Kaminak Gold Corp. (“Kaminak”) and acquired by Goldcorp Inc. (“Goldcorp”) in 2016 for \$520 million. The Goldcorp acquisition of Kaminak for the Coffee Project and subsequent work to place the Coffee Project into commercial production has renewed interest in the gold potential of the region, as have exploration joint ventures or equity investments by Newmont Corporation, Barrick Gold Corporation, Agnico Eagle Mines Limited, Coeur Mining, Inc. 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 Corporation’ in early 2020 (“Newmont”), the world’s largest gold producer by market value, output and reserves. Sabre Gold Mines (formerly Golden Predator Mining Corp.) is also working locally to develop the Brewery Creek heap leach gold project located 75 km east by road, 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 “Stander” Zone name replaces the former “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 \$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 Dawson Range project began in 2020, and has been expanded in 2022 to upgrade large sections of the main route Klondike Highway. Overall these upgrades significantly improve the Company’s roads network and access, and reduce operating costs.

Additionally, Newmont’s Coffee Project access road route which transects the middle of the Company’s Klondike District Project is planned to be substantially upgraded in conjunction with Coffee Project mine pre-construction. Nearby Sabre Gold’s Brewery Creek Project (former producer 1996-2002 as Loki Gold Mine) is advancing towards a production restart decision with updated 2020 mineral resource estimate, 2021 PEA, new camp and mine construction infrastructure.

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. Air North, Yukon’s airline, provides daily scheduled service from Dawson City via Whitehorse to Toronto, Vancouver and other major cities.

From 2019 through 2022, the Yukon government is conducting a multi-year construction upgrade of the Klondike Highway between Carmacks and Dawson City. The upgrades along the ‘north Klondike Highway’ continue through 2022. Completed upgrades 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 Project. 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 City 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***

The 2022 work program emphasized exploration over a broader area than in previous years. This year Klondike Gold completed approximately 6,000 meters of drilling in a total of 47 drill holes of which 35 holes explored areas adjacent to known mineralization at Gay Gulch showing (11 holes) and Stander Zone (24 holes) with the remainder primarily testing new targets. Mapping discoveries of gold-bearing quartz breccia veining in outcrop at Gay Gulch and positive identification of three deep crustal thrust faults provided drill targets tested in 2022 and continuing to provide evidence that the Klondike District area is highly prospective for significant orogenic gold deposits.

An important outcrop discovery at Gay Gulch showing was made midway in the season of a quartz breccia vein associated with abundant visible gold at the fault contact between a graphitic thrust unit and competent silicic schist host rock. This is interpreted to be a hallmark 'seismic pumping conduit' in orogenic gold deposit models, supplying gold-bearing fluids by 'pumping' to create the prevalent gold-bearing sheeted quartz veins. The breccia veining is oriented perpendicular to the gold-bearing sheeted quartz veins, a prediction of orogenic gold deposit models and now the first time this has been documented in the Klondike. All previous historic drilling has been parallel to this direction and this style of mineralization.

Eleven drill holes were completed targeting the Gay Gulch gold showing (EC22-467 to EC22-477); six holes tested for 'traditional' sheeted quartz veining along a total of 450 meters of strike length. Five drill holes were oriented 90 degrees (orthogonally) to test for gold-bearing cross structures along a 250 meter distance. All five orthogonal holes intersected extended intervals of massive silicification and veining containing fine disseminated pyrite along the thrust contact, the first time this type of alteration/mineralization has been observed in the Klondike. All assays are pending.

Twenty four drill holes in 2022 were completed at the Stander Zone (EC22-447 to EC22-464 plus EC22-480 to EC22-485) targeting potential extensions to gold mineralization contained in sheeted quartz veins with 24 drill holes along a total of 1,500 meters of strike length. At the main Stander Zone showing outcrop area, six drill holes were oriented 90 degrees (orthogonally) to test for gold-bearing cross structures along a 280 meter distance. Quartz veining was observed in all the orthogonal holes.

The Stander Zone is subject to an upcoming first-ever mineral resource estimate based upon drilling completed in 2015-2021 (not including 2022 drilling) where near surface drill intersections identified gold mineralization.

The Company completed other field work including additional permitting, as well as environmental and heritage resource studies.



### Upcoming 2022 Results

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. Completion and announcement of the inferred mineral resource is expected before the end of 2022.

The Klondike Gold project team is currently completing the work necessary for underpinning the 'first ever from the Klondike area' initial inferred mineral resource. Field work in 2022 including new mapping and exploration work to expand known zones of mineralization is complete with all assay results pending. The Company intends to file an updated NI 43-101 Geology technical report describing this work in conjunction with release of the inferred mineral resource.

The Company is collaborating with a number of academic research initiatives by partnering with Colorado School of Mines (CASERM), and sponsoring PhD, MSc and HBSc theses with Canadian research involvement from University of Toronto, University of Ottawa, and Dalhousie University. Relevant research results will be reported as they become available.

All 2022 drill and rock assays are pending. Assays from early drill holes may be received in 2022 from the Stander Zone and will be released following Quality Assurance/Quality Control verification. The Company expects to receive assay results through 2022 and into early 2023.

### **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 Project, 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:

Hole ID	From (m)	To (m)	Au (g/t)	Length (m)
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
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 Project covering priority exploration areas has been reimaged with significant results including mapping >5,000 undocumented pits or shafts. The work is nearly complete with final property map compilation products expected 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, Eldorado Creek Bench and 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, renewable thereafter subject to approval by both parties. The original agreement has been extended through September 30, 2022, for mining activities and through May 2023 for any further remediation activities required (if any) resulting from spring run-off. The permit underlying this 2019 agreement has recently been updated and replaced by a new 10-year permit issued in 2022 covering a greater area (which includes the Upper Eldorado Creek Bench placer claims - see ‘Upper Eldorado Creek Bench Project’ below) and with different terms and conditions. Discussions regarding an updated agreement are in progress.

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 and completed seasonal mining and reclamation in September. Dulac Mining recovered a total of 163 ounces of raw gold in total from 2022 processing. In September 2022, the Company received a lease payment of 16.3 ounces of raw gold from Dulac Mining. Following refining the Company received physical 11.1 ounces of gold (0.9999 purity).

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

The Eldorado Creek 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 project (see ‘Dulac Mining Lease’ above) 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 to cover the 214 contiguous claim Upper Eldorado placer expanded project area. Permits and all associated approvals have been received; the mining permit has a 10 year term to 2032.

### ***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 received (late 2019) approval of mining extraction from the Yukon Environmental and Socio-economic Assessment Board and on 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 in 2022, still under consideration and 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 August 31, 2022, a total of \$28.00 million was held in exploration and evaluation assets (February 28, 2022 - \$26.30 million), which is invested in the Yukon. Total assets decreased to \$29.62 million (February 28, 2022 - \$29.99 million).

#### *Three months ended August 31, 2022 and 2021*

The Company's loss for the three months ended August 31, 2022, was \$125,888 compared to loss of \$90,348 for the three months ended August 31, 2021. Loss remained relatively consistent during the three months ended August 31, 2022 and 2021.

#### *Six months ended August 31, 2022 and 2021*

The Company's loss for the six months ended August 31, 2022, was \$309,046 compared to loss of \$363,474 for the six months ended August 31, 2021. Loss remained relatively consistent during the six months ended August 31, 2022 and 2021.



## **SUMMARY OF QUARTERLY RESULTS**

Quarter Ended	Aug 31, 2022	May 31, 2022	Feb 28, 2022	Nov 30, 2021
	\$	\$	\$	\$
Revenue	-	-	-	-
Loss and comprehensive loss	(125,888)	(183,158)	(190,733)	(73,435)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

  

	Aug 31, 2021	May 31, 2021	Feb 28, 2021	Nov 30, 2020
	\$	\$	\$	\$
Revenue	-	-	-	-
Loss and comprehensive loss	(90,348)	(273,126)	(184,087)	(814,822)
Loss per share	(0.00)	(0.00)	(0.01)	(0.01)

## **FINANCIAL LIQUIDITY AND CAPITAL RESOURCES**

The Company had working capital of \$652,813 at August 31, 2022, compared to working capital of \$2,661,439 at February 28, 2022. The Company's cash position at August 31, 2022, was \$751,574 and at February 28, 2022, was \$2,670,335.

During the six months ended August 31, 2022, the Company's cash decreased by \$1,918,761. Cash used in financing activities was \$80,644 for lease payments. Cash used in investing activities included \$1,513,361 to fund exploration and evaluation asset expenditures. Cash used in operating activities totaled \$375,716.

## **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 9,853,762 warrants and 10,619,500 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 six months ended August 31, 2022, the Company was charged management fees of \$75,000 (2021 - \$75,000) by a company owned by the CEO of the Company. Of this amount, \$53,750 (2021 - \$55,000) was included in additions to exploration and evaluation assets on the statements of financial position. As at August 31, 2022, \$nil was payable to this Company (February 28, 2022 - \$26,250).
- b) During the six months ended August 31, 2022, the Company was charged \$60,000 (2021 - \$60,000) 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 during the six months ended August 31, 2022 (2021 - \$nil).

#### NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

There are no new standards or amendments to existing accounting standards which the Company reasonably expects are applicable to the Company and will significantly impact the Company.

#### CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's 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 financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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. Significant accounting policies are described in Note 3 of the Company's financial statements as at and for the year ended February 28, 2022.



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## **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 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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## **MANAGEMENT AND BOARD OF DIRECTORS**

There were no changes to the Company's Board of Directors or management during the period.

## **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 Project. Exploration in 2015 through 2022 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 Project 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 and Stander. 2021 drill testing was positive and expanded mineralization dimensions at Stander, Lone Star, and Gay Gulch targets; requisite independent contractors completed site visits as required, leading to production in 2022 of a (NI 43-101 compliant) geological report which was released April 25, 2022. A planned 'maiden' mineral resource estimate report is expected by the end of 2022, and will be accompanied by an updated (NI 43-101) compliant geological 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.