

CLARITY GOLD CORP.
(formerly 1222991 B.C. Ltd.)
MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTH PERIOD ENDED JUNE 30, 2020

OVERVIEW

The following management discussion and analysis (“MD&A”), prepared on August 31, 2020, should be read in conjunction with the condensed interim financial statements for the six month period ended June 30, 2020. All amounts are stated in Canadian Dollars unless otherwise indicated. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Clarity Gold Corp. (“the Company”).

Additional information related to the Company is available by requesting it from the Company’s head office in Vancouver.

FORWARD LOOKING STATEMENTS

Information contained in this MD&A that is not historical fact may be considered “forward looking statements.” These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company’s objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information, changes in demand for commodity prices, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward-looking information.

DESCRIPTION OF BUSINESS

Clarity Gold Corp. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. On November 1, 2019, the Company changed its name from 1222991 B.C. Ltd. to Clarity Gold Corp. The Company’s head office and registered office are located at 915 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

On June 25, 2020, the Company completed its initial public offering (“IPO”) by issuing 6,900,000 common shares at \$0.175 per share for gross proceeds of \$1,207,500. On June 29, 2020, the Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “CLAR”. Proceeds from the IPO will be used to fund exploration activities on exploration and evaluation assets and for general working capital purposes.

The Company is a Canadian mineral exploration company focused on the acquisition, exploration and development of gold projects in Canada.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company’s future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

SUMMARY OF BUSINESS ACTIVITIES

The following financial and operational highlights occurred during the six month period ended June 30, 2020, and to the date of this report of August 31, 2020:

- On February 13, 2020, the Company completed a private placement of 400,000 common shares at \$0.10 per share for gross proceeds of \$40,000.
- On June 25, 2020, the Company completed its Initial Public Offering (“IPO”) of 6,900,000 common shares at \$0.175 per share for gross proceeds of \$1,207,500. Pursuant to an agency agreement, the Company paid a total of \$176,553 in share issue costs for the IPO. The share issue costs were comprised of a 9% agent’s commission totalling \$108,675, corporate finance fees of \$50,000, and \$17,878 for due diligence expenses. The Company also issued 621,000 non-transferable agent options with a fair value of \$56,721 which are exercisable at \$0.175 per share until June 25, 2022.
- On June 29, 2020, the Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “CLAR”.
- On June 29, 2020, the Company paid \$50,000 for acquisition costs pursuant to the Empirical Project Option Agreement.
- On July 5, 2020, the Company acquired the Tyber, and Gretna Green Projects on Vancouver Island, British Columbia, Canada. The Company also acquired additional mineral claims adjacent and contiguous to the west of the Empirical Project. The Company paid \$10,000 and issued 1,250,000 common shares to acquire all three of these mineral properties.
- On July 31, 2020, the Company completed a non-brokered private placement consisting of 2,158,000 Units at a price of \$0.30 per Unit for gross proceeds of \$647,400. Each Unit is comprised of one common share in the capital of the Company and one half of one share purchase warrant. One full share purchase warrant will be exercisable into one common share at a price of \$0.35 per share until July 31, 2022.

Proceeds from the private placement are expected to be used for general working capital purposes.

The Company paid a \$10,000 finder’s fee and issued 79,310 agent options to Leede Jones Gable Inc. Each agent option is exercisable into one common share at a price of \$0.30 per share until July 31, 2022.

- On July 31, 2020, the Company granted 100,000 share options to the first member of the Advisory Board under its share option plan. Each option is exercisable at \$1.00 per share until July 31, 2023. The options are subject to vesting provisions, with one-third vesting on the grant date, one-third on the first anniversary of the date of grant, and one-third on the second anniversary thereof.
- On August 21, 2020, the Company granted an additional 100,000 share options to the second member of the Advisory Board. Each option is exercisable at \$1.06 per share until August 21, 2023. All of the options vest upon date of grant.

Appointments

On January 17, 2020, Mr. Theo van der Linde was appointed to the Company's Board of Directors. Mr. van der Linde is a Chartered Accountant with 22 years extensive experience in finance, reporting, regulatory requirements, public company administration, equity markets and financing of publicly traded companies.

On July 31, 2020, the Company announced that it formed an Advisory Board and named Mr. Ian Graham as its first member. Mr. Graham is an accomplished mining sector professional with over 20 years of experience in the development and exploration of mineral projects. His expertise in corporate transactions, project evaluations, and exploration will be an asset to the Company.

On August 22, 2020, the Company announced the appointment of Mr. Kutluoglu to its Advisory Board. Mr. Kutluoglu is a professional geologist with over 15 years of international mineral exploration experience and executive management roles in North American and European companies. He has designed and executed multiple exploration programs and managed comprehensive environmental baseline and feasibility study programs.

EXPLORATION AND EVALUATION ASSETS

CANADA

	June 30, 2020	December 31, 2019
Empirical Project		
Acquisition costs, opening balance	\$ 10,000	\$ -
Additions	50,000	10,000
Acquisition costs, ending balance	<u>60,000</u>	<u>10,000</u>
Exploration and evaluation costs, opening balance	\$ 80,449	\$ -
<u>Additions:</u>		
Administration	500	10,493
Equipment rentals	-	2,320
Field expenditures	-	795
Geological	-	21,900
Mapping	-	12,000
Meals and lodging	-	5,288
Sampling	-	6,077
Transportation	-	21,576
Total exploration and evaluation costs additions	<u>500</u>	<u>80,449</u>
Total exploration and evaluation costs, ending balance	<u>80,949</u>	<u>80,449</u>
Total acquisition and exploration and evaluation costs	<u>\$ 140,949</u>	<u>\$ 90,449</u>

Empirical Project

The Empirical Project ("Empirical") consists of 6 unpatented mineral claims totaling approximately 10,518 hectares which are located in the Lillooet Mining Division of British Columbia, Canada. The Empirical claims were initially recorded with British Columbia's Mineral Titles Online as being owned by James Rogers, the Company's Director and CEO as bare trustee in favour of the Optionor but have since been transferred to the Company.

Pursuant to the terms of the Option Agreement (the "Agreement"), the Company can earn a 100% interest in the initial 3 unpatented Empirical claims (Empirical 1, 2 and 3) by making the following payments to the Optionor:

Terms and Due Dates
Issue 2,000,000 common shares by October 22, 2019 (issued at a value of \$10,000)
Pay \$50,000 within 5 days of the common shares being approved for listing on a stock exchange (paid on June 29, 2019)
Incur a minimum of \$80,000 in exploration costs on Empirical by October 1, 2020 (incurred)
Incur a minimum of \$200,000 in exploration costs on Empirical by October 1, 2021
Grant a 2% net smelter royalty ("NSR") to the Optionor upon exercise of the Agreement

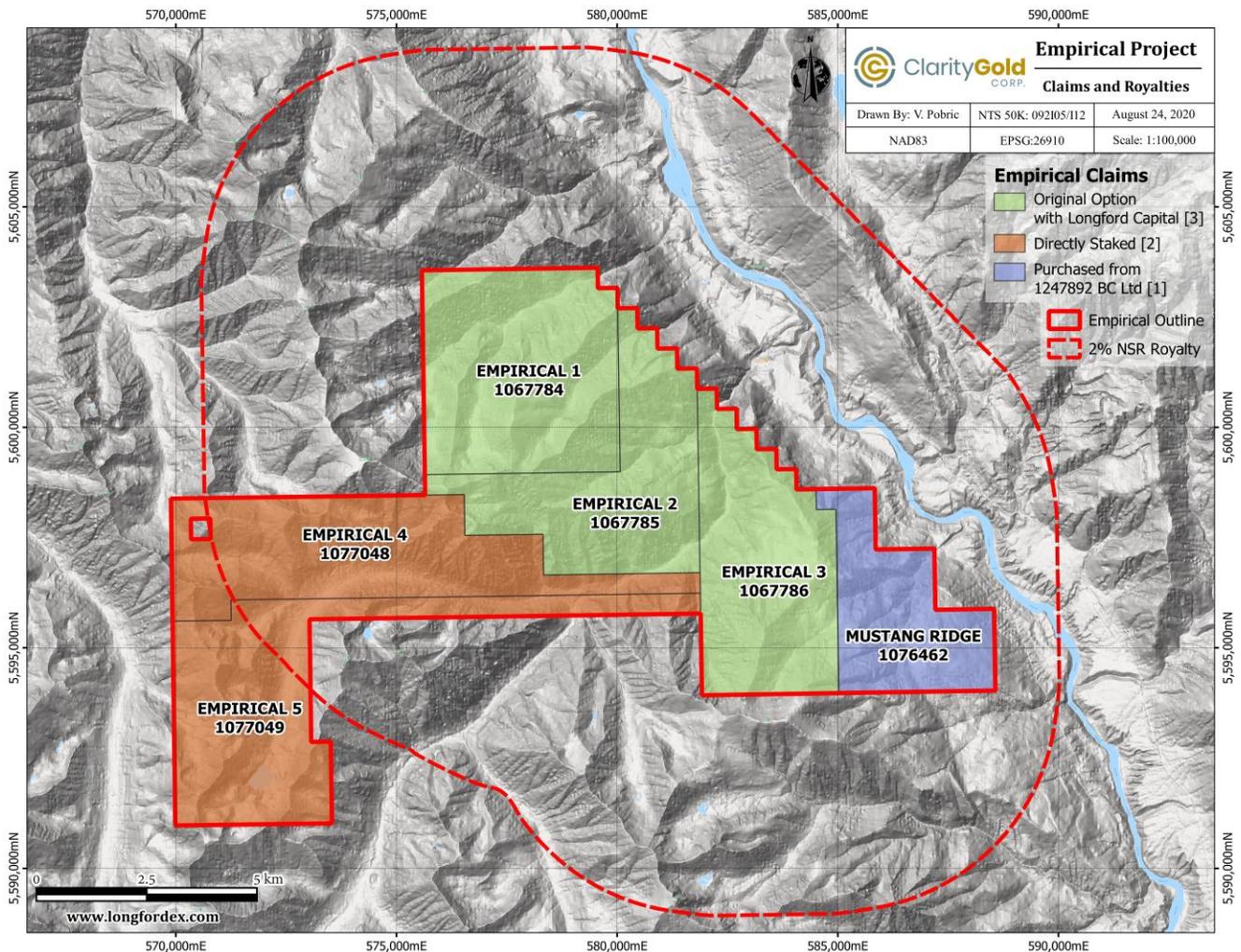
The NSR is payable following commencement of commercial production. The Company has the right to reduce the NSR from 2% to 1% at any time prior to commencement of commercial production by paying \$1,500,000 to the Optionor.

In addition to the terms outlined above, the Agreement contains a 5 km area of influence provision pursuant to which any claims staked by the Company within 5 km of the Empirical property boundary will automatically be included as part of the Agreement and subject to the 2% NSR.

Empirical Project Expansion

On July 2, 2020, the Company paid \$7,013 to stake two mineral claims adjacent and contiguous to the south and west of the Empirical project. These recently acquired claims cover an area of approximately 4007.50 hectares

On July 6, 2020, the Company paid \$10,000 and 1,250,000 common shares to acquire the Tyber (928.70 hectares), Gretna Green (1,331.13 hectares), and additional mineral claims adjacent and contiguous to the east of the Empirical Project (1,109.73 hectares).



Empirical Project Description

The Property lies just to the east of Mount Brew within the Pacific Ranges which are the southernmost subdivision of the Coast Mountains. They run northwest from the lower stretches of the Fraser River to Bella Coola and Burke Channel and include 4 of the 5 major coastal icecaps in the Southern Coast Mountains. The icecaps are the largest temperate-latitude icecaps in the world and feed a number of major rivers (by volume). The highest peak in the Pacific Ranges is Mount Waddington at an elevation of 4,019 m.

The area encompasses a series of barren ridges rising to an elevation of 2,200m and interwebbing valleys and alpine meadows. Elevations over the Property ranges from 1,250 m in the valley of Enterprise Creek to over 2,591 m on Mount Bew.

The Property can be accessed west of Lillooet on Route 99 via an old logging road that partially follows Enterprise Creek from Duffy Lake Road and onto the Empirical 1 claim block. Texas Creek road is also accessible via Route 99 and runs between 1 and 2 km from the property's edge along its eastern border. Currently the Property does not have road access within the Property boundaries and the topography is steep and rugged, therefore helicopter access for exploration would be the most practical means of access. Helicopter service is available from Lillooet, BC.

The Property is predominantly underlain by low-grade metamorphosed sediments of the Jurassic-Cretaceous Relay Mountain Group (previously referred to as Lillooet and Brew Groups by Duffell and McTaggart in 1951). These rocks have been intruded by granodiorite and quartz-diorites of the Cretaceous or later. The Relay Mountain Group consists mainly of banded argillite, impure quartzite, boulder conglomerate, and contains marine fossils of early Lower Cretaceous age. Marshall Creek Fault trends northwest across the Property and divides the Relay Mountain Group of rocks from the Permian-Jurassic Bridge River Group of metasedimentary rocks. Along the Marshall Creek fault is a large area of carbonate alteration within the greenstones on the southwest side of the fault, and pervasive shear zones approximately 5-30 cm wide (Grextan & Bruland, 1988). Intruding into the Bridge River Complex, south of Reilly Creek and lying between the Marshall Fault and the Lillooet Fault, is a narrow band of Tertiary granodiorite.

Faulting is prevalent in the region with both Marshall Creek fault and Lillooet fault (splays from the Fraser River Fault System) crossing the property. The area between Towinock Creek and Spray Creek is extensively faulted and gently folded. The locally major, northwesterly trending fault crossing the Property was referred to as the Tow Fault by Hollister (1979). The faults follow a predominant northwesterly trend, however north-easterly, northerly, and easterly trends have also been observed on the Property. Movement along the faults appear to be predominantly dextral and the age of the faulting is uncertain. However, movement appears to have occurred post-dacite emplacement as dyke swarms have been shattered along the Tow fault line (McKillop, 1979).

A large 200 +m thick quartz-diorite boss intrudes the metasediments on the south fork of Towinock Creek which includes both porphyritic and granitic textures (McKillop, 1986). Results from Duval's 1979 work program reported that the boss was largely devoid of magmatic orthoclase, but contained variable amounts of quartz, biotite, hornblende and plagioclase (Hollister, 1979).

The boundaries of two small Cretaceous/Tertiary quartz diorite sills south of Spray Creek were refined by Hollister in 1979, however the bosses were so altered by ground water the precise mineralogy could not be determined. Numerous north-easterly trending, fine-grained dacite dykes were found between these sills and described as fresh mixtures of quartz and plagioclase with lesser orthoclase and mica-believed to be differentiates of the quartz-diorite sills (Hollister, 1979; McKillop, 1979). Dyke swarms are vertical to steep, west-dipping and reportedly occur parallel to the major faults on the property suggesting that the emplacement was structurally controlled (McKillop, 1979; McKillop, 1986). Metamorphic grade of rocks also increased at higher elevations suggesting that reverse faulting may be present in the claims area (McKillop, 1979).

The northern most quartz diorite boss (south of Towinock Creek) was reported by Hollister (1979) to show zones of potassic and phyllic alteration with areas of erratic pyritization occurring throughout. However, this was not confirmed by McKillop during the follow-up program of the same year. The follow-up program did suggest that the sericite and biotite alteration observed within the quartz-diorite boss may be related to a north-westerly trending set of quartz veins, as alteration appeared to decrease with increasing distance from the veins (McKillop, 1979). Quartz veins vary from 0.3cm to approximately 1m in width and are predominantly sub-parallel to faulting, however many other directions were also reported (McKillop, 1979). Composition of quartz veins in order of decreasing abundance: pyrrhotite, pyrite, molybdenite, and chalcocopyrite (McKillop, 1979).

The southern quartz diorite bosses (south of Spray Creek) were reportedly strongly pyritized, however due to extensive weathering it was no longer possible to categorize hypogene alteration stages at the surface (Hollister, 1979).

The Property is likely associated with a widespread hydrothermal Cu-Au-Mo porphyry style deposit. The mineralized zones are believed to be located within quartz diorite stockworks located just south of Towinock Creek near the Tow Showing and just south of Spray Creek near the Spray Occurrence. This area is underlain by a thick sequence of schistose argillites of the Jurassic-Cretaceous Relay Mountain Group which have been intruded by porphyritic quartz diorite stocks (MINFILE: 092INW090). The porphyritic quartz-diorite stocks, and to a lesser degree, the enclosing sediments have undergone multiple episodes of fracturing and related quartz veining providing the pathways for sulphide mineralization.

The formation of this style of deposit is related to orogenic belts at convergent plate boundaries (subduction-related magmatism), or extension settings related to strike-slip faulting or back arc spreading during continent margin accretion (Panteleyev, 1995). It is generally recognised that Cu-Au-Mo porphyry deposits are associated with granodiorite, quartz monzonite, quartz diorite granitoid rock types. Cu-Au-Mo porphyries tend to occur as large zones of hydrothermally altered host rock and are closely related to island-arc volcano-plutonic suites. Composition of intrusions range from basalt-andesite volcanic and gabbro-diorite-quartz-diorite associations. These deposits are characterized by quartz stockworks, veins, sulphide bearing veins (pyrite, chalcopyrite, bornite, with lesser molybdenum), closely spaced fractures and fracture selvages. These subvolcanic intrusions are commonly emplaced by multiple successive intrusive phases and a wide variety of breccias. Grain size may range from coarse-grained phaneritic to porphyritic stocks, batholiths and dike swarms.

The timing of gold mineralization within these systems can be early or late and is related to magmatic or circulating meteoric waters. Early gold mineralization is closely associated with the potassic alteration zone and bornite and late mineralization is associated with pyrite and either sericitic, advanced argillic or skarn-destructive argillic alteration (Gendall, 1994). These deposits may be present in stockwork veins, skarns, or as carbonate and non-carbonate replacement (Gendall, 1994). Copper-gold style porphyries tend to be smaller in size compared to copper-molybdenum style porphyries (Gendall, 1994). Regional structures and structural lineaments act as mineralization controls in these systems and therefore the degree of fracturing and veining tends to favour the concentration of Cu and Au in these areas (Gendall, 1994; Panteleyev, 1995).

Mineralized zones occur at depths of 1 km or less and are mainly associated with the development of brecciated zones or preferential replacement in host rocks with a high degree of primary permeability (Panteleyev, 1995). Ore-grade stockworks are linked to zones of intensely developed fractures that are coincident or intersect multiple fracture sets. Propylitic alteration halo is widespread and generally surrounds an early potassic alteration core (which is commonly well mineralized). Overprinting of early mineralization by younger mineralized phyllic alteration is also common. Pyrite is typically the predominant sulphide mineral, and the predominant ore minerals are chalcopyrite, molybdenite, lesser bornite and rare (primary) chalcocite. Subordinate minerals include tetrahedrite/tennantite, enargite and minor gold, electrum and arsenopyrite.

These deposits can be of the silica-oversaturated, silica-saturated and silica-undersaturated subtypes based on the modal composition of the associated alkalic intrusions and to a lesser extent on alteration (Lang & McLaren, 2003). The Property shows characteristics consistent with that of a silica-oversaturated alkalic copper-gold porphyry deposit on the basis of abundant quartz-sulphide veins, siliceous alteration, widespread, but weak sericitic alteration, and the presence of strong molybdenum mineralization, however the quartz-normative composition has not been reported in historical reports (Lang & McLaren, 2003). This particular style of deposit is favourable because, on average, they contain a greater tonnage of mineralization compared to other alkalic copper-gold porphyry types. Significant examples of silica-oversaturated alkalic copper-gold-molybdenum deposits include Goonombla/North Parks and Cadia-Ridgeway in Australia and Skouries in Greece (Lang & McLaren, 2003).

The recently acquired Empirical Expansion claims have multiple copper showings in the Southeast, including the Rickhill Showing where six surface rock samples collected in 1959 averaged 0.95% copper over 12.9 meters (Minfile 092INW022). Elevated copper in soil samples indicate that this zone of copper mineralization may be extended up to a total of 30 metres (Skerl, 1959). In 1970, 538 soils were collected with copper intensities ranging between 6 ppm to 212 ppm (Assessment report 02530).

The additional ground to the southwest of the Empirical Project consists of two molybdenum showings namely, the Molybdenite Lake and Fyp showings where historic samples taken from quartz veins have assayed up to 0.32% molybdenum and 0.35 g/t gold (Nelson, J. (1985-10-01): B.C. Gold Reconnaissance 1985 - Lillooet Project - Final Report; Assessment Report 30875; (Minfile 092ISW109,092ISW110). Previous work has focused on the area's molybdenum potential, with minimal exploration for gold.

Empirical Project Exploration Program

Longford Exploration was commissioned by the Company to carry out an exploration program on the Property. Longford Exploration mobilized a crew of four from Vancouver, British Columbia on October 4, 2019 to carry out a 7-day geological mapping, prospecting and sampling program. The field program ran from October 5, 2019 to October 12, 2019 with the crew being dispatched from the Lillooet Blackcomb Helicopter base or utilizing the Texas Creek forest service road for access.

The program was a first pass exploration plan designed to assess the Property's potential for gold and copper mineralization and verify historical results and previous workings. A total of 102 rocks and 50 soil samples were collected during the program.

2019 Rock Sampling

Prospecting activities focused on locating structures, contacts, mineralization and observed lithologies, particularly in the area surrounding the Towinock and Spray showings of quartz-diorite sills where previous work (MINFILE: 092INW090 and 092INW088) reported samples returning values of 2,100 ppb Au over 3 m in DDH-CH81-3, 3,670 ppb Au over 21 m, and a 3 m interval grading 7,860 ppb Au in DDH-CH81-4 (Price & Ditson, 1986).

Given the steep terrain and snow, crews sampled along the outcropping quartz diorite found on the ridges of the Towinock and Spray sills. To the north of Towinock Creek, a third, poorly explored, quartz diorite Riley sill was explored and prospected briefly but due to deep snow and cliffs the area was left for future exploration in better conditions. Focus was given to drill collar locations of DDH-81-03 and DDH-81-04 which intercepted 3.00 m and 21.00 m at 2.10 g/t and 3.67 g/t Au during a 1981 program. Historical drill hole collars were identified, and core box stashes were found and prospected for mineralization. The condition of the historic core and boxes is well preserved with some sample tags still legible; future programs might spend time to relog and resample this core.

2019 Rock Results Overview

The table below highlights the average, maximum and minimum values returned by the talus fine.

Statistical Analysis of 2019 Property Exploration Program Results						
	Au (ppb)	Ag (ppm)	Cu (ppm)	Mo (ppm)	Pb (ppm)	Zn (ppm)
Mean	42.82	0.51	39.45	40.87	5.85	125.76
Median	0.80	0.10	34.85	3.70	2.70	57.50
Mode	0.25	0.05	30.80	0.20	1.50	49.00
Max	3,175.40	31.90	117.50	513.00	2.00	5,093.00
Min	0.25	0.05	3.20	0.05	0.40	2.00

2019 Talus Fine Sampling

50 talus fine samples were collected across the Spray sill saddle in the vicinity of the historic insoil copper/gold anomalies. Select samples were taken in proximity to areas of historic sampling to verify historically reported analytical results, as well as to the North West and South East of historic samples to test for an extension of highly anomalous results.

2019 Talus Fine Results Overview

The table below highlights the average, maximum and minimum values returned by the talus fine samples.

Statistical Analysis of 2019 Property Exploration Program Talus Fines/Soil Results (n=50)						
	Au (ppb)	Ag (ppm)	Cu (ppm)	Mo (ppm)	Pb (ppm)	Zn (ppm)
Mean	13.19	0.65	191.20	131.79	21.78	976.86
Median	7.50	0.45	168.40	32.85	14.35	682.50
Mode	1.60	0.20	149.80	13.70	14.10	375.00
Max	88.80	4.50	426.10	748.00	117.90	6,845.00
Min	1.00	0.10	54.40	6.70	5.10	137.00

2019 Program Summary

During the 2019 Property exploration program identified a strongly bedded sequence of meta-sedimentary rocks intruded by quartz diorite and dacite sills/dykes and subsequently folded and faulted on the property. Later intrusions of andesite-dacite feldspar porphyry and basaltic dykes were also observed followed by a lessor folding and faulting event. Metasedimentary rocks observed consisted of locally dominant, argillite with siltstone, phyllite and calcite-chlorite sub schist and minor quartzite and chert. Most sedimentary/volcanic derived rocks were weakly calcareous, with or without calcite-ankerite lenses and laminae. More massive, dark grey-black (graphitic) argillite and intrusive rocks were observed to be non-calcareous. The pervasive, moderately to strongly hornfelsed character of the metasedimentary and volcanic rocks masked the local effects of sill and dyke emplacement. Mineralization was primarily observed in 2-10 cm wide quartz veins and fracture surfaces in the medium to coarse grained light grey quartz diorite found at the Towinock and Spray sills. Blebs of sulphides were found within quartz veins and disseminated throughout the vein selvages with visible pyrite, chalcopyrite, trace sphalerite, black to red gossanous weathered material and minor molybdenum.

The table below highlights the number of rock and soil/talus samples collected on the Property which fall within the typically anomalous range.

Statistical Analysis of 2019 Property Exploration Talus Fines/Soil Results (n=50)					
	Crustal Abundance	Typical Anomalous Conc in Rock	No. of Rock Samples within anomalous range	Typical Anomalous Conc in Soil	No. of Soil/Talus Fine Samples within anomalous range
Au	4 ppb	50-100 ppb	2	40-100 ppb	4
Ag	70 ppb	0.5-1 ppm	8	0.2-0.5 ppm	48
Cu	55 ppm	100-200 ppm	3	50-200 ppm	50
Pb	13 ppm	40-100 ppm	0	40-100 ppm	4
Zn	70 ppm	100-500 ppm	20	200-300 ppm	48
Mo	1.5 ppm	5 to 20 ppm	50	2 to 5 ppm	50
W	1.5 ppm	10 to 50 ppm	1	2 to 10 ppm	0
Ni	75 ppm	100-200 ppm	2	100-200 ppm	1
As	1.8 ppm	5 to 10 ppm	41	5 to 20 ppm	50

On July 22, 2020, the Company announced that a field crew will be mobilizing to evaluate the recently acquired Empirical Expansion Project. The Company has multiple historic showings and will design and carry out field programs to follow up on the encouraging historic results.

Tyber Project

On July 6, 2020, the Company paid \$10,000 and 1,250,000 common shares to acquire the Tyber (928.70 hectares), Gretna Green (1,331.13 hectares), and additional mineral claims adjacent and contiguous to the east of the Empirical Project (1,109.73 hectares).

Tyber Project Description

The Tyber gold-copper-silver project is located in southeast Vancouver Island in the Nanaimo mining division, approximately 1.4 km south of Arrowsmith Lake and 18 km southwest of Parksville. Historic rock samples taken from the property between 1916 and 1986 assayed up to 2.328 oz/t Au (from historic adit dump), 16% Cu and 305.5 oz/t Ag (1916 BC Mines Annual Report; Minfile 092F236). The Tyber Project consists of several mineralized shear zones ranging from less than 0.30 m to 2.60 m. Two historical adits on the Tyber Project, believed to be targeting mineralized quartz veins within local shear zones, extend approximately 14 m and 47 m in length (1981 Assessment Report 09432).

Tyber Project Exploration Program

On July 15, 2020, the Company announced that it had finalized plans and was mobilizing a field crew to the Tyber Project.

The field crew consisted of a three-person team who conducted initial ground reconnaissance and sampling. The objective of the program was to review the geology and mineralization, locate and verify historic mineral showings, and assess the property for geochemical sampling. The Company also conducted a grab sample program on targeted zones to locate additional areas of interest. The goal of the site visit was to design an effective exploration strategy for the Tyber Project.

On July 22, 2020, the Company announced that the field crew had completed its initial reconnaissance on the Tyber Project.

Gretna Green Project

On July 6, 2020, the Company paid \$10,000 and 1,250,000 common shares to acquire the Tyber (928.70 hectares), Gretna Green (1,331.13 hectares), and additional mineral claims adjacent and contiguous to the east of the Empirical Project (1,109.73 hectares).

Gretna Green Project Description

The Gretna Green gold-copper-silver project is located in the Alberni mining division, approximately 24 km Southwest of Port Alberni and 1.3 km North of Henderson Lake. Historical reports show that a selected sample assayed 48.00 grams per tonne gold, 51.43 grams per tonne silver and 17.8 percent copper (Minister of Mines Annual Report 1921; Minfile 092F24). Limited information on the Gretna Green Project is available.

Gretna Green Project Exploration Program

On July 15, 2020, the Company announced that it had finalized plans and was mobilizing a field crew to the Gretna Green Project.

The field crew consisted of a three-person team who conducted initial ground reconnaissance and sampling. The objective of the program was to review the geology and mineralization, locate and verify historic mineral showings, and assess the property for geochemical sampling. The Company also conducted a grab sample program on targeted zones to locate additional areas of interest. The goal of the site visit was to design an effective exploration strategy for the Gretna Green Project.

On July 22, 2020, the Company announced that the field crew had completed its initial reconnaissance on the Gretna Green Project.

QUALIFIED PERSON STATEMENT

All scientific and technical information contained in this MD&A was reviewed by Rory Kutluoglu, P. Geo., who is a Qualified Person as defined in NI 43-101. The Qualified Person intends to visit the additional Empirical Project claims, Tyber Project, and Gretna Green Project in the near future and thus cannot validate the historical databases nor the results of the historical work presented above.

RESULTS OF OPERATIONS

Six month period ended June 30, 2020

During the six month period ended June 30, 2020 ("2020"), the Company recorded a net loss and comprehensive loss of \$210,500 which is mainly attributed to:

- i) Professional fees of \$104,693 were primarily incurred for the completed private placement and Initial Public Offering. Professional fees are comprised of \$80,693 for legal fees, \$15,000 for accounting fees, and \$9,000 for the December 31, 2019 audit and March 31, 2020 review of financial statements included in the Prospectus.
- ii) Consulting fees of \$55,000 contain \$30,000 for CEO management fees, \$6,000 for CFO consulting fees, \$15,000 for corporate advisory fees, and \$4,000 for corporate development fees.
- iii) Registration and filing fees of \$29,057 were paid in connection to applying to list the Company on the Canadian Securities Exchange and ongoing monthly sustaining fees.
- iv) Office and administration cost of \$11,503 are comprised of \$6,174 for website design and maintenance and \$5,329 for director and officer liability insurance.
- v) Shareholder communications expense of \$7,951 was comprised of \$2,951 to print and disseminate the Company's IPO Prospectus, and \$5,000 to a firm to provide shareholder communication services.
- vi) The Company listed its common shares for trading on the CSE on June 29, 2020. Accordingly, the Company hired a transfer agent to manage its share capital activities and paid \$2,060 for these services.

As at June 30, 2020, the Company had no continuing source of operating revenues. The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business and exploration activities.

Three month period ended June 30, 2020

During the three month period ended June 30, 2020 ("Q2-2020"), the Company recorded a net loss and comprehensive loss of \$197,634 which is mainly attributed to:

- i) Professional fees of \$104,580 were primarily incurred in Q2-2020 for the completed private placement and Initial Public Offering. Professional fees are comprised of \$80,580 for legal fees, \$15,000 for accounting fees, and \$9,000 for the auditor's audit and review services.
- ii) Consulting fees in Q2-2020 of \$55,000 contain \$30,000 for CEO management fees, \$6,000 for CFO consulting fees, \$15,000 for corporate advisory fees, and \$4,000 for corporate development fees.
- iii) Registration and filing fees in Q2-2020 of \$16,517 were paid in connection to applying to list the Company on the Canadian Securities Exchange and ongoing monthly sustaining fees.
- iv) Office and administration expenses in Q2-2020 of \$11,503 were comprised of \$6,174 for website design and maintenance and \$5,329 for director and officer liability insurance.
- v) Shareholder communications expense of \$7,951 in Q2-2020 was comprised of \$2,951 to print and disseminate the Company's IPO Prospectus, and \$5,000 to a firm to provide shareholder communication services.
- vi) The Company listed its common shares for trading on the CSE on June 29, 2020. Accordingly, the Company hired a transfer agent to manage its share capital activities and paid \$2,060 for these services in Q2-2020.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the condensed interim and audited financial statements:

	Three month period ended June 30, 2020	Three month period ended March 31, 2020	From inception on September 11, 2019 to December 31, 2019 (Audited)
	-\$-	-\$-	-\$-
Total assets	1,212,513	177,698	239,922
Total liabilities	237,870	36,368	125,726
Working capital	833,694	881	23,747
Shareholders' equity	974,643	141,330	114,196
Net loss and comprehensive loss	(197,634)	(12,866)	(40,049)
Loss per share	(0.02)	(0.00)	(0.02)

Total assets of \$1,212,513 reached an all time high for the Company during Q2 ended June 30, 2020. The receipt of \$1,207,500 in gross proceeds for the completed Initial Public Offering ("IPO") on June 25, 2020 is the sole catalyst for this improvement.

The Company's total liabilities were \$237,870 at June 30, 2020 which is the highest debt load to date for the Company. However, these liabilities are mainly attributed to the IPO and the majority of the debt was subsequently settled.

The Company incurred a \$197,634 net loss and comprehensive loss in Q2 ended June 30, 2020. This was the most material loss to date and was primarily comprised of \$104,580 for professional fees, \$55,000 for consulting fees, and \$16,517 for registration and filing fees. These services were necessary to help the Company achieve its goals of completing the IPO and listing its common shares for trading on the Canadian Securities Exchange on June 29, 2020.

Shareholder's equity of \$974,643, and working capital of \$833,694 increased significantly in Q2 ended June 30, 2020 as a result of completing its IPO of 6,900,000 common shares at \$0.175 per share for gross proceeds of \$1,207,500. Pursuant to an agency agreement, the Company paid a total of \$176,553 in share issue costs for the IPO. The share issue costs were comprised of a 9% agent's commission totalling \$108,675, corporate finance fees of \$50,000, and \$17,878 for due diligence expenses. The Company also issued 621,000 non-transferable agent options with a fair value of \$56,721 which are exercisable at \$0.175 per share until June 25, 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company may continue to seek capital through various means including the issuance of equity and/or debt.

Net cash (used in)/provided by operating activities was (\$132,102) during the six month period ended June 30, 2020, compared to \$1,206 from inception on September 11, 2019 to December 31, 2019. Cash flows for operating activities were primarily attributed to accounts payable and accrued liabilities.

Investing activities during the six month period ended June 30, 2020 were \$50,500. On June 29, 2020, the Company paid \$50,000 for acquisition costs pursuant to the Empirical Project Option Agreement. The remaining \$500 in the current period was spent on administration costs for the Empirical Project. The Company did not spend any cash on investing activities from inception on September 11, 2019 to December 31, 2019. However, the Company had incurred \$80,449, which was included in accounts payable at December 31, 2019, to conduct an exploration and rock sampling program on the Empirical Project in October 2019 to assess the potential for gold and copper mineralization and verify historical results and previous workings.

Net cash (used in)/provided by financing activities during the six month period ended June 30, 2020 was 1,070,947, compared to \$144,245 from inception on September 11, 2019 to December 31, 2019. On February 13, 2020, the Company received \$40,000 from completion of a private placement of 400,000 common shares. On June 25, 2020, the Company completed its Initial Public Offering (“IPO”) of 6,900,000 common shares at \$0.175 per share for gross proceeds of \$1,207,500. Pursuant to an agency agreement, the Company paid a total of \$176,553 in share issue costs for the IPO. The share issue costs were comprised of a 9% agent’s commission totalling \$108,675, corporate finance fees of \$50,000, and \$17,878 for due diligence expenses. The Company also issued 621,000 non-transferable agent options with a fair value of \$56,721 which are exercisable at \$0.175 per share until June 25, 2022. From inception on September 11, 2019 to December 31, 2019, the Company issued 500,000 founder shares at \$0.005 per share for gross proceeds of \$2,500. On December 31, 2019, the Company completed a private placement of 7,150,000 common shares at \$0.02 per share for gross proceeds of \$143,000. The Company paid \$1,255 for finder’s fee in connection with this private placement and included the fee in share issuance costs.

Working capital at June 30, 2020 was \$833,694 (December 31, 2019 - \$23,747) and increased primarily as a result of completing the Initial Public Offering on June 25, 2020.

RELATED PARTY TRANSACTIONS

Amounts due to related parties consist of charges accrued for accounting fees, consulting fees, corporate advisory fees, geological and exploration fees. These amounts are due to companies controlled by a director and officers. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amounts due to related parties are included in account payables and accrued liabilities:

	June 30, 2020	December 31, 2019
A company controlled by a Director and CEO of the Company (1)	\$ 41,500	\$ 90,449
A company controlled by a Director (2)	42,000	-
A company controlled by the CFO of the Company (3)	10,400	2,000
	\$ 93,900	\$ 92,449

¹ James Rogers, CEO and Director

² Theo van der Linde, Director

³ Peter Nguyen, CFO

The Company has identified all directors/officers as its key management personnel. The following are the transactions with related parties during the period ended June 30, 2020:

	Six month period ended June 30, 2019	From inception on September 11, 2019 to December 31, 2019
Consulting fees to a company controlled by a Director and CEO of the Company	\$ 30,000	\$ 10,000
Consulting fees to a company controlled by a Director of the Company	12,500	-
Professional fees to a company controlled by a Director of the Company	12,500	-
Consulting fees to a company controlled by the CFO of the Company	6,000	2,000
Capitalized acquisition costs for the Empirical property to a company controlled by a Director and CEO of the Company	50,000	10,000
Capitalized exploration and evaluation fees charged by a company controlled by a Director and CEO of the Company	-	80,449
	\$ 111,000	\$ 102,449

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below:

Impairment of Exploration and Evaluation assets - Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its exploration and evaluation assets, management has determined that the evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation assets as at June 30, 2020.

Usage of the going concern assumption - The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Treatment of deferred financing costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Global pandemic

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank account held with major banks in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using major banks that are high-quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at June 30, 2020, the Company has \$237,870 (December 31, 2019 -\$125,726) in accounts payable and accrued liabilities that are due within 90 days of period-end.

Currency risk

The Company currently has no foreign exchange risk as it conducts all of its business within Canada and in Canadian Dollars.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and loans as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at the current date, the Company had no off-balance sheet arrangements.

Legal proceedings

As at the current date, management was not aware of any legal proceedings involving the Company.

Outstanding Share Data

As at the date of this report, the Company has 20,358,000 common shares and no preferred shares outstanding.

There are 621,000 agent options exercisable at \$0.175 per share until June 25, 2022 outstanding as of the date of this report.

An additional 100,000 share options exercisable at \$1.00 per share until July 31, 2023, and 100,000 share options exercisable at \$1.06 per share until August 21, 2023 are outstanding as at the date of this report.

Contingent liabilities

As at the current date, management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. The Company has recently conducted an exploration and sampling program on the Empirical Project, initial reconnaissance work on the Tyber and Gretna Green Projects, which will require additional exploration work and financial resources. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the current period. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's condensed interim financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The condensed interim financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

As at the date of this MD&A, the directors of the Company are James Rogers, Andrew Male and Theo van der Linde.