

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis should be read in conjunction with our condensed interim consolidated financial statements for the six months ended November 30, 2021, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). This discussion and analysis contains forward-looking statements and forward-looking information that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements and information as a result of many factors. See section heading "Note Regarding Forward-Looking Statements" below. All currency amounts are stated in Canadian dollars unless noted otherwise.*

### **CAUTIONARY NOTE TO U.S. INVESTORS REGARDING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES, AND PROVEN AND PROBABLE RESERVES**

Corvus Gold Inc. ("we", "us", "our," "Corvus" or the "Company") is a mineral exploration company engaged in the acquisition and exploration of mineral properties. The mineral estimates in the two technical reports entitled "Technical Report and Preliminary Economic Assessment for Gravity Milling and Heap Leach Processing at the North Bullfrog Project, Bullfrog Mining District, Nye County, Nevada", dated November 21, 2020 with an effective date of October 7, 2020 (the "NBP Technical Report"), and "Technical Report and Preliminary Economic Assessment for BIOX Mill and Heap Leach Processing at the Mother Lode Project, Bullfrog Mining District, Nye County, Nevada" dated November 21, 2020 with an effective date of October 7, 2020 (the "ML Technical Report" and together with the NBP Technical Report, the "Technical Reports") referenced in this Quarterly Report on Form 10-Q have been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. As used in the Technical Reports referenced in this Quarterly Report on Form 10-Q, the terms "Mineral Reserve", "Proven Mineral Reserve", and "Probable Mineral Reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards on Mineral Resources and Mineral Reserves ("CIM Definition Standards"), adopted by the CIM Council, as amended.

These definitions differ materially from the definitions in the United States Securities and Exchange Commission ("SEC") Industry Guide 7 ("SEC Industry Guide 7"). Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource", and "Inferred Mineral Resource" are defined in and required to be disclosed by NI 43-101. However, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves. Under Canadian rules, Inferred Mineral Resources can only be used in economic studies as provided under CIM Definition Standards. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an Inferred Mineral Resource is economically or legally mineable. An "Inferred Mineral Resource" is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this report and the Technical Reports referenced in this report contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies reporting under SEC Industry Guide 7 requirements.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the "SEC Modernization Rules") and, following a two-year transition period, the SEC Modernization Rules will replace the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7. The Company is not required to provide disclosure on its mineral properties under the SEC Modernization Rules until its annual report for the fiscal year ending May 31, 2022. Under the SEC Modernization Rules, the definitions of "Proven Mineral Reserves" and "Probable Mineral Reserves" have been amended to be substantially similar to the corresponding CIM Definition Standards and the SEC has added

definitions to recognize “Measured Mineral Resources”, “Indicated Mineral Resources”, and “Inferred Mineral Resources” which are also substantially similar to the corresponding CIM Definition Standards. However, there are differences in the definitions under the SEC Modernization Rules and the CIM Definition Standards and therefore once the Company begins reporting under the SEC Modernization Rules there is no assurance that the Company’s Mineral Reserve and Mineral Resource estimates will be the same as those reported under CIM Definition Standards as contained in this report.

## **CAUTIONARY NOTE TO ALL INVESTORS CONCERNING ECONOMIC ASSESSMENTS THAT INCLUDE INFERRED RESOURCES**

The Company currently holds or has the right to acquire interests in advanced stage exploration projects in Nye County, Nevada referred to as the North Bullfrog Project (the “NBP”) and the Mother Lode Project (“MLP” or “Mother Lode”). Mineral resources that are not mineral reserves have no demonstrated economic viability. The preliminary economic assessments included in the Technical Reports on the NBP and on the MLP are preliminary in nature and include Inferred Mineral Resources that have a great amount of uncertainty as to their existence, and are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. It cannot be assumed that all, or any part, of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies. There is no certainty that such Inferred Mineral Resources at the NBP or at the MLP will ever be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable. Readers should refer to the Technical Reports for additional information.

## **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q and the exhibits attached hereto contain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, as amended, and “forward-looking information” within the meaning of applicable Canadian securities legislation, collectively “forward-looking statements”. Such forward-looking statements concern our anticipated results and developments in the operations of the Company in future periods, planned exploration activities, the adequacy of the Company’s financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as “expects,” “anticipates,” “believes,” “intends,” “estimates,” “potential,” “possible” and similar expressions, or statements that events, conditions or results “will,” “may,” “could” or “should” (or the negative and grammatical variations of any of these terms) occur or be achieved. These forward-looking statements may include, but are not limited to, statements concerning:

- the expected timing for closing the Transaction;
- the Company’s strategies and objectives, both generally and in respect of its specific mineral properties;
- the results of the preliminary economic assessment (“PEA”) on each of NBP and MLP;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company’s exploration programs, including for the NBP and the MLP;
- the Company’s estimates of the quality and quantity of the Mineral Resources at its mineral properties;
- the timing and cost of planned exploration programs of the Company, and the timing of the receipt of results therefrom;
- the Company’s future cash requirements and use of proceeds of sales;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and the ability to raise the necessary funds to continue operations;
- the Company’s expectation that it will be able to add additional mineral projects of merit to its assets;
- the potential for the existence or location of additional high-grade veins at the NBP, or high-grade mineralization at the MLP;
- the potential to expand Company’s existing deposits and discover new deposits;
- the potential for any delineation of higher grade mineralization at the NBP or MLP;
- the potential for there to be one or more additional vein zone(s);
- the potential discovery and delineation of mineral deposits/resources/reserves and any expansion thereof beyond the current estimate;
- the potential for the NBP or the MLP mineralization systems to continue to grow and/or to develop into a major new higher-grade, bulk tonnage, Nevada gold discovery;
- the Company’s expectation that it will be able to build itself into a non-operator gold producer with significant carried interests and royalty exposure;
- that the Company will operate at a loss;
- that the Company will need to scale back anticipated costs and activities or raise additional funds;

- that the Company will have to raise substantial additional capital to accomplish its business plan over the next couple of years;
- the estimated reclamation and asset retirement costs;
- the plans related to the potential development of the MLP and the NBP; and
- the NBP and MLP work plans and mine development plans/programs.

Such forward-looking statements reflect the Company's current views with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, risks related to:

- the inability to satisfy the conditions of the Transaction;
- risks related to the evolving novel coronavirus ("COVID-19") pandemic and health crisis and the governmental and regulatory actions taken in response thereto;
- our requirement of significant additional capital and our ability to raise such additional capital on favourable terms;
- our limited operating history;
- our history of losses;
- cost increases for our exploration and, if warranted, development projects;
- our properties being in the exploration stage;
- mineral exploration and production activities;
- our lack of mineral production from our properties;
- estimates of Mineral Resources;
- changes in Mineral Resource estimates;
- differences in United States and Canadian Mineral Reserve and Mineral Resource reporting;
- our exploration activities being unsuccessful;
- fluctuations in gold, silver and other metal prices;
- our ability to obtain permits and licenses for production;
- government and environmental regulations that may increase our costs of doing business or restrict our operations;
- proposed legislation that may significantly affect the mining industry;
- land reclamation requirements;
- competition in the mining industry;
- equipment and supply shortages;
- tax issues;
- current and future joint ventures and partnerships;
- our ability to attract qualified management;
- the ability to enforce judgment against certain of our directors;
- currency fluctuations;
- claims on the title to our properties;
- surface access on our properties;
- potential future litigation;
- our lack of insurance covering all our operations;
- our status as a "passive foreign investment company" under US federal tax code;
- the common shares of the Company (the "Common Shares"); and
- events such as war, terrorism, natural disaster or outbreaks of disease (including COVID-19).

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including without limitation those discussed in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K, as filed with the SEC on August 9, 2021, which are incorporated herein by reference, as well as other factors described elsewhere in this report and the Company's other reports filed with the SEC.

The Company's forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the beliefs, expectations, and opinions of management as of the date of this report. The Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

## **Current Business Activities**

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### **General**

The Company's material mineral properties are the NBP and the MLP, advanced exploration stage projects in Nevada, which have a number of high-priority, bulk tonnage and high-grade vein targets (held through Corvus Nevada, a Nevada subsidiary). While exploring the NBP, the Company acquired the MLP in June 2017, which is located approximately 19 km to the south east of the NBP. The MLP was mined in the late 1980s and has substantial gold mineralization remaining unexploited extending to the north of the existing open pit mine. Exploration drilling and surface mapping have revealed that other exploration targets on the Corvus property in the Mother Lode area contain gold mineralization and are therefore being actively explored.

The primary focus of the Company will be to leverage its exploration expertise to expand its existing deposits and discover major new gold deposits. Other than with respect to the ongoing exploration of the MLP and NBP, the Company's strategy is to leverage its other non-core assets by maintaining a retained royalty.

Highlights of activities during the period and to the date of this MD&A include:

#### ***AngloGold Ashanti Transaction***

On September 13, 2021, the Company announced that the Company and AngloGold Ashanti Limited ("AngloGold Ashanti") entered into a definitive arrangement agreement pursuant to which AngloGold Ashanti has agreed to acquire the remaining 80.5% of Common Shares not already owned by AngloGold Ashanti at a price of C\$4.10 per Common Share in cash (the "Transaction").

The Transaction was subject to the approval of: (a) 66 2/3% of the votes cast by (i) the holders of Common Shares, including votes attached to Common Shares held by AngloGold Ashanti, present in person or represented by proxy at the special meeting relating to the Transaction; and (ii) the Shareholders and the holders of options, voting together as a single class, present in person or represented by proxy at the special meeting relating to the Transaction; and (b) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the special meeting relating to the Transaction, excluding votes attached to Common Shares held by AngloGold Ashanti and its affiliates and any other person as required to be excluded under section 8.1(2) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition to securityholder approval, the Transaction was subject to the receipt of court approval and other customary closing conditions for transactions of this nature.

A special meeting of Shareholders and optionholders of the Company was held on January 6, 2022 where the requisite approvals of the Shareholders and optionholders noted above were received. On January 11, 2022 the Company obtained the final court order from the Supreme Court of British Columbia with respect to the Transaction. The completion of the Transaction is anticipated to occur on or about January 18, 2022.

#### ***NBP and MLP Project Exploration and Development***

- Drilling during the period was performed at the Lynnda Strip area, with a total of two Reverse Circulation ("RC") drill holes completed during the period totaling 628 metres.
- Casing was removed from three core tail holes.
- An additional monitoring hole was drilled to depth of 580 metres at NBP with a Vibrating Wire Piezometer ("VWP") gauge installed to monitor response of the water level to hydrologic testing.
- Seven RC holes were drilled at NBP for a total of 2,189 metres during the period.
- Corvus NBP project continued to conduct baseline studies and prepare permit applications.
- Water quality samples were collected at surface springs and monitoring wells at the North Bullfrog project in support of ongoing mine permitting work.
- Design of an expanded hydrogeologic testing program was completed and a lease agreement was implemented with the Beatty Water and Sanitation District to allow the production of larger volumes of water during the hydrogeologic testing program.

### **Nevada Properties**

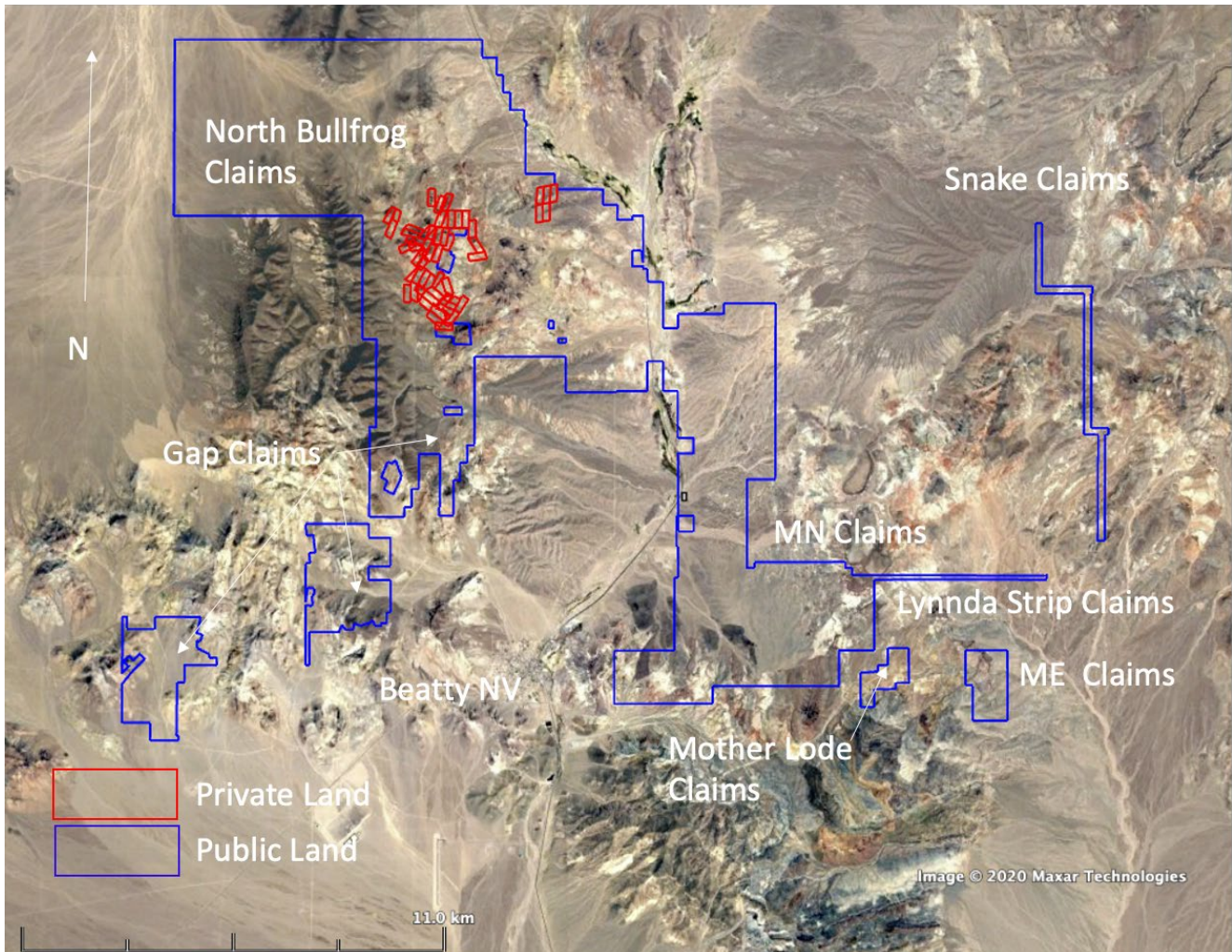
#### ***NBP and MLP***

Our principal mineral properties are the NBP and the MLP, which form two separate gold exploration projects located in northwestern Nye County, Nevada, in the Northern Bullfrog Hills and Bare Mountains to the east, north and west of the town

of Beatty. Neither, the NBP nor the MLP have any known proven or probable reserves under SEC Industry Guide 7 or NI 43-101, and the projects are exploratory in nature. The Technical Reports are available under Corvus' SEDAR profile at [www.sedar.com](http://www.sedar.com) and EDGAR profile at [www.sec.gov](http://www.sec.gov), and describe the two properties as separate mining operations. The Technical Reports are referred to herein for informational purposes only and are not incorporated herein by reference. The Technical Reports contain disclosure regarding Mineral Resources at both projects that are not SEC Industry Guide 7 compliant proven or probable reserves. See "Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources, and Proven and Probable Reserves" above.

The following disclosure is derived, in part, and supported by the Technical Reports and includes updates on the properties subsequent to the date of the Technical Reports.

The NBP and the MLP are located in the Bullfrog Hills and Bare Mountains of northwestern Nye County, Nevada (Figure 1). Together, the NBP and the MLP cover approximately 129 square kilometers (12,895 hectares) of patented and unpatented mining claims in sections 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36 of T10S, R46E; sections 1, 2, 3, 4, 5, 6, 10, 11, 12, 13, 14, 15, 23, 24, 25, 26, 34, and 35 of T11S, R46E; sections 2, 3, 4, 5, 6, 7, 8, 9, 10, and 18 of T12S R46E; sections 19, 30, 31, and 32 of T10S, R47E; sections 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 22, 23, 26, 27, 34, 35 and 36 of T11S, R47E; sections 1, 2, 3, 4, 8, 9, 10, 11, 12, and 13 of T12S R47E; sections 4, 9, 10, 15, 22, 27, 31, 32, 33, and 34 of T11S R48E; and sections 4, 5, 6, 7, 8, 9, 16, 17, and 18 of T12S R48E of MDBM. The total number of federal lode claims is 1601. Corvus has total of nine option/lease agreements in place that give us control of private land based on an aggregate of 51 historical patented lode claims (see Private Lands in Figure 1). Corvus Nevada owns an additional private land based on five historical patented claims (the Millman claims) and a 430 acre property with 1600 acre-feet of water rights located north of NBP in the Sarcobatus hydrographic basin (Basin 146).



**Figure 1 – Property Map showing the Location of the NBP and the MLP with respect to the town of Beatty, NV.**

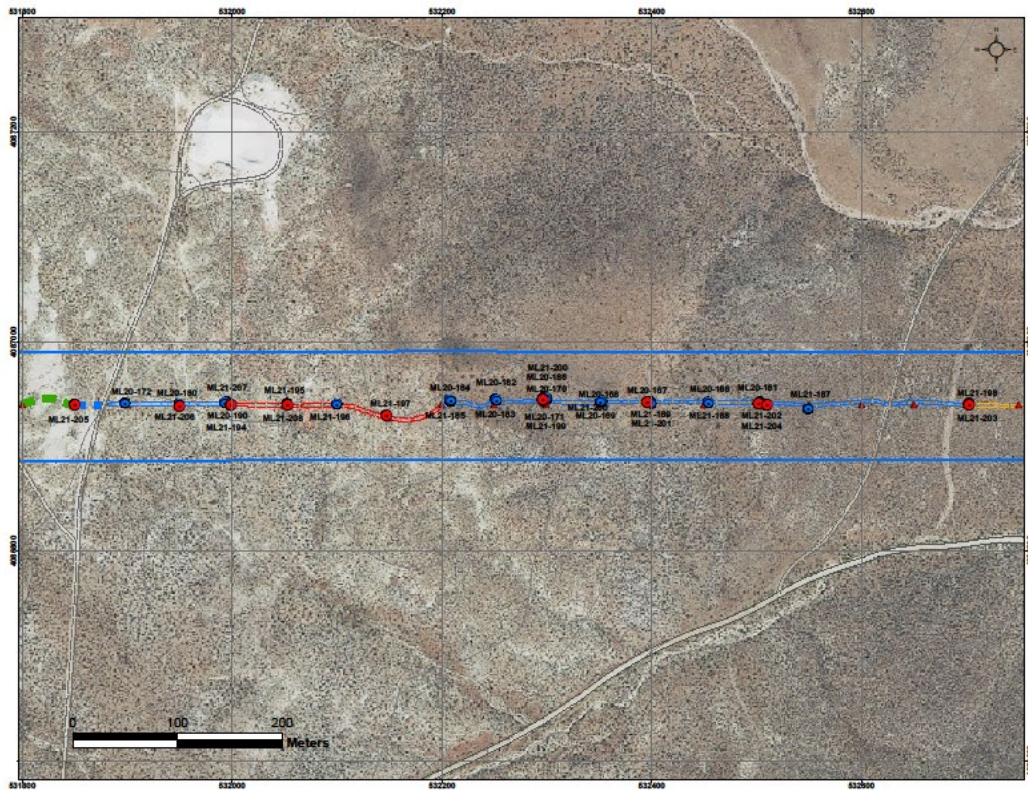
Studies at the NBP and MLP have been focused on the potential to develop separate mining and processing operations at each site. Technical Reports describing the conceptual mining and processing operations at each location were completed on November 21, 2020 and are available on SEDAR and EDGAR.

### ***NBP Drilling Activities***

Seven RC holes were drilled at the NBP during the period for 2,189 m. An additional water monitoring well of 580 m with a VWP gauge was completed to increase monitoring capacity during ongoing hydrogeologic testing planned for 2022.

### ***Lynnda Strip Drilling Activities***

Drilling at the Lynnda Strip project during the quarter has focused on completing the resource expansion program targeting the east-west extension of the mineralized zone. (Figure 2). Two RC holes were completed during the period for 628 m of drilling. Casing was recovered from 3 of the core-tail holes drilled previously. Results from this area continue to outline a large, relatively high-grade, oxide deposit that now extends over 800 metres in width and remains open.



**Figure 2 – Map showing location of Lynnda Strip drilling completed this quarter**

### ***Mother Lode Project Development***

Corvus is progressing with its exploration permit expansion for the greater Mother Lode and Lynnda Strip projects.

### **Qualified Person and Quality Control/Quality Assurance**

Jeffrey A. Pontius, (Certified Professional Geologist (“CPG”)11044), a qualified person as defined by NI 43-101, has supervised the preparation of the scientific and technical information that forms the basis for the disclosure in this Report on Form 10-Q (other than the Mineral Resource estimate for MLP) and has reviewed and approved the disclosure herein. Mr. Pontius is not independent of the Company, as he is the Chief Executive Officer and President and holds Common Shares and incentive stock options in Corvus.

Carl E. Brechtel (Colorado Professional Engineer (“PE”) 23212, Nevada PE 008744, and Registered Member 353000 of Society for Mining, Metallurgy & Exploration (“SME”)), a qualified person as defined by NI 43-101, has coordinated execution of the technical work and has reviewed and approved the disclosure in this Report on Form 10-Q related thereto. Mr. Brechtel

is not independent of the Company, as he is the Chief Administrative Officer and holds Common Shares and incentive stock options in Corvus.

The work program at the NBP and the MLP was designed and supervised by Mark Reischman, Corvus' US Exploration Manager, who is responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project log and track all samples prior to sealing and shipping. Quality control is monitored by the insertion of blind certified standard reference materials and blanks into each sample shipment. All resource sample shipments are sealed and shipped to American Assay Laboratories ("AAL") in Reno, Nevada, for preparation and assaying.

Assaying for the NBP and the MLP holes has been performed by AAL in Sparks, Nevada (the "Sparks Laboratory"). Corvus has no business relationship with AAL beyond being a customer for analytical services. The Sparks Laboratory is Standards Council of Canada, Ottawa, Ontario Accredited Laboratory No. 536 and conforms with requirements of CAN-P-1579, CAN-P-4E (ISO/IEC 17025:2005).

Check assaying has been performed by Bureau Veritas North America ("BV", formerly Inspectorate America Corporation), in Sparks, Nevada and Vancouver, Canada (the "BV Laboratories"), and ALS Minerals Laboratories ("ALS Minerals"), in Sparks, Nevada (the "ALS Laboratory"). Corvus has no business relationship with BV or ALS Minerals beyond being a customer for analytical services. The BV Laboratory is Accredited Laboratory No. 720 and conforms to requirements of CAN-P-1579, CAN-P-4E (ISO 9001:2008) and ALS is Accredited Laboratory No. 660 and conforms to requirements of CAN-P-1579, CAN-P-4E (ISO/IEC 17025:2005).

Mr. Scott E. Wilson, (CPG 10965, Registered Member 4025107 of SME), and President of Resource Development Associates Inc.), is an independent consulting geologist specializing in Mineral Reserve and Mineral Resource calculation reporting, mining project analysis, and due diligence evaluations. He has acted as the Qualified Person, as defined in NI 43-101, for the Mineral Resource estimate and the Technical Reports. Mr. Wilson has over 29 years of experience in surface mining, resource estimation, and strategic mine planning. Mr. Wilson and Resource Development Associates Inc. are independent of the Company under NI 43-101. Mr. Wilson, a Qualified Person, has verified the data underlying the information disclosed herein by reviewing the reports of AAL and all procedures undertaken for QA/QC. All matters were consistent and accurate according to his professional judgment. There were no limitations on the verification process.

For additional information on the NBP and MLP, including information relating to exploration, data verification, and the Mineral Resource estimates, see the Technical Reports, which are available under Corvus' SEDAR profile at [www.sedar.com](http://www.sedar.com) and EDGAR profile at [www.sec.gov](http://www.sec.gov). The Technical Reports are referred to herein for informational purposes only and is not incorporated herein by reference. The Technical Reports contains disclosure regarding Mineral Resources that are not Guide 7 compliant proven or probable reserves, see "Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources, and Proven and Probable Reserves" above.

## **Results of Operations**

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### **Six months ended November 30, 2021 Compared to Six months ended November 30, 2020**

For the six months ended November 30, 2021, the Company had a net loss of \$13,251,673 compared to a net loss of \$11,636,631 in the comparative period of the prior year. Included in net loss was \$2,265,307 (2020 - \$1,769,660) in stock-based compensation charges which is a result of stock options granted during the period and previously granted stock options which vested during the period. Stock-based compensation in the current period comprised of stock options granted on November 19, 2018, April 9, 2019, June 13, 2019, February 3, 2020 and January 15, 2021 which vested during the period. The prior period comparative had stock-based compensation arising from stock options granted on July 31, 2017, November 19, 2018, April 9, 2019, June 13, 2019, October 11, 2019 and February 3, 2020 which vested during the comparative period of the prior year. The increase in loss of \$1,615,042 in the six month period of the current year was due to a combination of factors discussed below.

The primary factor for the increase in the net loss was due to the increase in transaction costs of \$1,852,414 (2020 - \$nil) consisting of consulting fees, investor relations expenses, office and miscellaneous, professional fees, regulatory fees and travel expenses related to the Transaction.

Exploration expenditures decreased to \$5,781,487 (2020 - \$7,145,669). The decrease is offset by an increase in stock-based compensation charges of \$228,244 during the current period compared to \$159,517 in the comparative period of the prior year.

Consulting fees increased to \$1,427,285 (2020 - \$1,039,046) mainly due to an increase in stock-based compensation charges of \$1,054,642 during the current period compared to \$836,588 in the comparative period of the prior year. There was an increase in consulting fees paid to the Company's Chief Financial Officer (the "CFO") as a result of amendment to her

consulting agreement. Consulting fees further increased due to additional fees paid to the CFO and Corporate Secretary. The Board of Directors approved the accrual of the fees to the Special Committee members effective June 1, 2021, which amounted to \$48,750 in the current period, compared to \$nil in the comparative period of the prior year.

Insurance expenses increased to \$333,717 (2020 - \$123,431) mainly due to an increase in director and officer (“D&O”) liability insurance premium due to the Company’s listing on the Nasdaq Capital Market in August 2020.

Investor relations expenses decreased to \$759,160 (2020 - \$1,056,405) mainly due to an increase in virtual advertising activities and decrease in investor relations related travel expenses due to the global pandemic which has continued to limit in-person investor relations efforts. This was offset by an increase in stock-based compensation charges of \$295,512 during the current period compared to \$251,635 in the comparative period of the prior year and an increase in investor relations fee for consultants in the current period.

Professional fees decreased to \$189,570 (2020 - \$275,814) mainly due to a decrease in audit fees as a result of under accrual of audit fees for 2020. This was offset by an increase in stock-based compensation charges of \$21,516 during the current period compared to \$14,505 in the comparative period of the prior year.

Regulatory expenses decreased to \$113,217 (2020 - \$212,892) mainly due to the entry fee to the Nasdaq Capital Markets as the Company commenced trading as of market open on August 12, 2020.

Travel expenses increased to \$117,633 (2020 - \$53,612) mainly due to the Company’s management and Board of Directors attending the bell ringing ceremony for the Nasdaq Capital Market in August of 2021 compared to less travel in the comparative period of the prior year due to the Global Pandemic.

Wages and benefits increased to \$2,052,614 (2020 - \$1,379,701) mainly due to an increase in 2021 bonus and an increase in stock-based compensation charges of \$665,393 during the current period compared to \$507,415 in the comparative period of the prior year.

Other expense categories that reflected only moderate change period over period were administration expenses of \$nil (2020 - \$212), depreciation expenses of \$35,094 (2020 - \$32,959), office expenses of \$62,493 (2020 - \$66,570) and rent expenses of \$2,039 (2020 - \$8,754).

Other items amounted to a loss of \$524,950 compared to \$241,566 in the prior period. There was a decrease in foreign exchange loss of \$23,563 (2020 - \$296,996), which was the result of factors outside of the Company’s control and a decrease in interest income of \$2,735 (2020 - \$62,146) as a result of less cash in interest earning bank accounts during the current period, and an increase interest expenses of \$504,122 (2020 - \$6,716) as a result of accretion and interest expenses recognized on the loan entered into by the Company with Anglo Gold North America on May 4, 2021 for \$20,000,000 (“AngloGold North America Loan”).

### **Three months ended November 30, 2021 Compared to Three months ended November 30, 2020**

For the three months ended November 30, 2021, the Company had a net loss of \$5,132,376 compared to a net loss of \$5,126,027 in the comparative period of the prior year. Included in net loss was \$1,094,160 (2020 - \$852,620) in stock-based compensation charges which is a result of stock options granted during the period and previously granted stock options which vested during the period. Stock-based compensation in the current period comprised of stock options granted on November 19, 2018, April 9, 2019, June 13, 2019, February 3, 2020 and January 15, 2021 which vested during the period. The prior period comparative had stock-based compensation arising from stock options granted on November 19, 2018, April 9, 2019, June 13, 2019, October 11, 2019 and February 3, 2020 which vested during the comparative period of the prior year. The increase in loss of \$6,349 in the three month period of the current year was due to a combination of factors discussed below.

The primary factor for the increase in the net loss was due to the increase in transaction costs of \$1,676,644 (2020 - \$nil) consisting of consulting fees, investor relations expenses, office and miscellaneous, professional fees, regulatory fees and travel expenses related to the Transaction.

Exploration expenditures decreased to \$1,355,224 (2020 - \$2,712,435) offset by an increase in stock-based compensation charges of \$110,477 during the current period compared to \$77,177 in the comparative period of the prior year.

Consulting fees increased to \$615,123 (2020 - \$536,082) mainly due to an increase in stock-based compensation charges of \$511,657 during the current period compared to \$403,847 in the comparative period of the prior year. There was an increase in consulting fees paid to the CFO as a result of amendment to her consulting agreement. The Board of Directors approved the accrual of the fees to the Special Committee members effective June 1, 2021, which amounted to \$24,375 in the current period,



compared to \$nil in the comparative period of the prior year. This was offset by a decrease in consulting fees due to additional fees paid to the CFO and Corporate Secretary in the first quarter of the current year whereas similar fees were paid in the second quarter of the prior year.

Insurance expenses increased to \$165,198 (2020 - \$60,872) mainly due to an increase in D&O liability insurance premium due to the Company's listing on the Nasdaq Capital Market in August 2020.

Investor relations expenses decreased to \$300,711 (2020 - \$739,979) mainly due to an increase in virtual advertising activities and decrease in investor relations related travel expenses due to the global pandemic which has continued to limit in-person investor relations efforts. This further decreased due to additional investor relations fees paid in the first quarter of the current year whereas similar fees were paid in the second quarter of the prior year. This was offset by an increase in stock-based compensation charges of \$142,301 during the current period compared to \$120,502 in the comparative period of the prior year.

Professional fees decreased to \$62,996 (2020 - \$117,629) mainly due to a decrease in audit fees. Transaction related professional fees were accounted for separately under transaction costs. This was offset by an increase in stock-based compensation charges of \$10,467 during the current period compared to \$6,999 in the comparative period of the prior year.

Regulatory expenses decreased to \$30,757 (2020 - \$58,580) mainly due to the timing of payment of balance of annual listing fee for the Nasdaq Capital Markets in the comparative period of the prior year as the Company commenced trading as of market open on August 12, 2020.

Wages and benefits decreased to \$498,647 (2020 - \$873,248) mainly due to the 2021 bonus paid in the first quarter whereas the 2020 bonus was paid in the second quarter of the prior year. There was an increase in stock-based compensation charges of \$319,258 during the current period compared to \$244,095 in the comparative period of the prior year.

Other expense categories that reflected only moderate change period over period were administration expenses of \$nil (2020 - \$106), depreciation expenses of \$17,593 (2020 - \$18,678), office expenses of \$33,924 (2020 - \$28,637), rent expenses of \$909 (2020 - \$1,351) and travel expenses of \$32,103 (2020 - \$38,136).

Other items amounted to a loss of \$342,547 compared to a gain of \$59,706 in the prior period. There was a decrease in foreign exchange loss of \$21,967 (2020 – gain of \$43,180), which was the result of factors outside of the Company's control, a decrease in interest income of \$1,352 (2020 - \$20,447) as a result of less cash in interest earning bank accounts during the current period, and an increase interest expenses of \$321,932 (2020 - \$3,921) as a result of accretion and interest expenses recognized on the AngloGold North America Loan.

## **Liquidity and Capital Resources**

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been financed by the sale of its equity securities by way of public offerings, private placements, the exercise of incentive stock options and share purchase warrants, and most recently, the AngloGold North America Loan. The Company believes that it will be able to secure additional private placements and public financings in the future, although it cannot predict the size or pricing of any such financings. In addition, the Company can raise funds through the sale of interests in its mineral properties, although current market conditions have substantially reduced the number of potential buyers/acquirers of any such interest(s). This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring an interest in mineral properties through purchase or option, the Company will sometimes issue Common Shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and/or obtaining additional financing.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future within one year from the date the condensed interim consolidated financial statements are issued.

The Company has sustained significant losses from operations, has negative cash flows and has an ongoing requirement for capital investment to explore its mineral properties. Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans for the 12 months from the date the condensed interim consolidated financial statement are issued.

The Company reported cash and cash equivalents of \$6,547,311 as at November 30, 2021 compared to \$5,121,495 as at May 31, 2021. The change in cash position was the net result of \$11,069,384 used for operating activities, \$38,990 used for lease liabilities payments, \$80,589 used for capitalized acquisition costs, \$6,789 used for share issuance costs, \$99,176 used on property and equipment, and \$12,493,000 (USD 10,000,000) received from the AngloGold North America Loan.

As at November 30, 2021, the Company had working capital deficit of \$12,901,122 compared to working capital deficit of \$2,011,551 as at May 31, 2021.

The Company expects that it will operate at a loss for the foreseeable future and believes the current cash and cash equivalents will be sufficient for it to maintain its currently held properties, and fund its currently anticipated general and administrative costs for at least the next 12 months from the date of this report. In any event, the Company will be required to raise additional funds, again through public or private equity financings in the future in order to continue in business. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and, if warranted, development activities at the NBP and the MLP on its currently anticipated scheduling.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "Risk Factors – We will require additional financing to fund exploration and, if warranted, development and production". Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern. The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes. Due to this uncertainty, if the Company is unable to secure additional financing, it may be required to reduce all discretionary activities at the NBP and the MLP to preserve its working capital to fund anticipated non-discretionary expenditures in the future.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Nevada, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest, which has also lowered its potential interest income.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Environmental Regulations**

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

### **Certain U.S. Federal Income Tax Considerations for U.S. Holders**

The Company has been a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes in recent years and expects to continue to be a PFIC in the future. Current and prospective U.S. shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in the Company's Annual Report on Form 10-K as filed with the SEC on August 9, 2021, under "Certain United States Federal Income Tax Considerations".

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.