



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**APRIL 29, 2021**

## Description of Management's Discussion and Analysis

The purpose of this Management's Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of InZinc Mining Ltd. (the "Company"). This report also provides information to improve the reader's understanding of the consolidated financial statements and related notes for the year ended December 31, 2020 and 2019 as well as important trends and risks affecting the Company's financial performance. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts in the financial statements and in this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated. The following discussion is dated and current as of April 29, 2021. This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors approves the financial statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Additional information on the Company is available on SEDAR and at the Company's website, [www.inzincmining.com](http://www.inzincmining.com).

## Forward-Looking Statements

Certain disclosures contained in this MD&A may constitute forward-looking information. This is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action which is inherently uncertain. All information other than statements of historical fact may be forward-looking information.

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits; the outbreak of an epidemic or a pandemic, including the recent outbreak of the novel coronavirus (COVID-19), or other health crisis and the related global health emergency affecting workforce health and wellbeing; and the possibility that future exploration and development results will not be consistent with the Company's expectations. Some other risks and factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A are described under the heading "Risks and Uncertainties".

Readers are cautioned that any such listings of risks are not, and in fact cannot be, complete. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

## Description of Business

The Company is incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol IZN. It was renamed from Lithic Resources Ltd. on February 18, 2014. The principal business of the Company is the acquisition, exploration and development of mineral properties ("exploration and evaluation assets"), either solely or through joint ventures and options.

To date the Company has not generated any revenues.

## Discussion of Operations

The Company currently holds two active mineral properties at varying stages of exploration and advancement. The Company's West Desert Zinc Property (100% interest) ("West Desert"), formerly known as the Crypto Zinc Property, is located in western Utah and the early stage Indy Zinc Property (100% option) ("Indy") is located in central British Columbia. Both properties are well located for potential development with proximal access to power, roads and rail infrastructure. In addition to exploring its existing properties, the Company is engaged in a continuing review of other properties and projects for possible acquisition.

In 2014, the Company announced the results of a positive Preliminary Economic Assessment ("PEA") on the Company's West Desert ("WD") deposit located approximately 160 km south west of Salt Lake City, Utah. The PEA, based on conventional bulk underground mining and processing, estimated an after-tax NPV (8%) of US\$258 million and IRR of 23% over a 15-year mine life assuming base case long term metal prices (*US\$; zinc = \$1 /lb, copper = \$3 /lb, iron = \$105 /t, indium = \$600 /kg, silver = \$21 /oz, gold = \$1,300 /oz*). The 2014 PEA outlined an indicated resource of 13.0 million tonnes grading 2.16% zinc, 0.23% copper, 33 g/t indium and 48% magnetite, plus an inferred resource of 46.0 million tonnes grading 1.76% zinc, 0.22% copper, 24 g/t indium and 48% magnetite. The 2014 PEA highlighted continued exploration as an integral part of further work leading to a Prefeasibility Study at West Desert.

For additional information on the West Desert PEA please refer to the Company's press release dated April 1, 2014 and the Company's report entitled "Technical Report on the West Desert Zinc-Copper-Indium-Magnetite Project, Preliminary Economic Assessment, Juab County, Utah" at [www.inzincmining.com](http://www.inzincmining.com) or [www.sedar.com](http://www.sedar.com).

Indy is located approximately 100 km southeast of the city of Prince George, the major hub for transportation and heavy industry in central BC. The property consists of approximately 11,000 hectares covering a 25 km strike of Cambrian to Mississippian aged sedimentary rock formations prospective for sedimentary hosted zinc deposits.

West Desert and Indy are at the exploration stage and have not generated any revenues. At December 31, 2020, the Company had not yet achieved profitable operations and has a deficit of \$17,171,397 (2019 - \$17,226,211).

Since the Company's properties are at the exploration stage, it does not have operations or operating results in the conventional use of the terms. The Company's financial success will ultimately be dependent upon finding economically recoverable mineral reserves, confirmation of its interest in those reserves and its ability to obtain the necessary financing to profitably produce those reserves. Further information on the Company's properties can be found on the Company's website at [www.inzincmining.com](http://www.inzincmining.com).

Wayne Hubert, the Company's CEO, has announced he will be stepping down. To ensure a seamless transition, Wayne will continue as CEO and will remain an active board member.

## Mineral Properties

### West Desert

West Desert (100%), located in northwestern Utah, is an advanced stage zinc-copper-indium-iron deposit which is open for expansion. A Preliminary Economic Assessment (PEA) completed in 2014 returned positive results and concluded that resource additions, particularly in shallower areas, could further improve the economics of the project. In 2018, drilling discovered new mineralization to the immediate west of the WD deposit including intersections of 15.4 m grading 6.3% Zn, 0.1% Cu, 67 g/t In and 6.8 m grading 16.5% Zn, 0.3% Cu, 60 g/t In, 14 g/t Ag. Additional drilling is required to delineate this important new mineralization.

In May of 2005, the Company signed an agreement to purchase a 100% interest in the Property from EuroZinc Mining Corporation ("EuroZinc") in exchange for 1,500,000 shares and \$25,000 in cash. Certain claims comprising the Property are subject to a 1.5% net smelter returns royalty ("NSR") and a future cash payment (\$1,000,000 upon completion of financing necessary for production) currently held by Osisko Gold Royalties Ltd. (formerly Vaaldiam Mining Ltd). Since the 2005 acquisition from EuroZinc, the Company has acquired, either wholly or in part, several additional claims.

West Desert comprises 4,258 acres and is located about 160 km southwest of Salt Lake City. Early mining activity includes the historic Fish Springs Mining District from which recorded production of 2,700,000 oz of silver occurred from the late 19th century through the mid-1950's. These high-grade silver-lead replacement deposits produced about 20,300 tons grading 128 ounces silver per ton (4,389 gpt) and 44% lead. To the west of these workings, the larger WD deposit was discovered in the 1960's and was originally explored for its iron potential. Drilling campaigns in the 1980's, 1990's and by the Company in 2007 - 2008 subsequently outlined the large zinc resources currently hosted in the WD deposit. The property is crossed by a power-line, is easily accessible by road and has railheads within 90 km.

The WD deposit is a significant carbonate replacement deposit, similar in many respects to the deposits comprising the world class Bingham, Park City and Tintic mining districts located some 130 km to the east. Zinc mineralization at West Desert is concentrated in two contiguous zones, known as the Main and Deep (CRD) Zones hosted in a sequence of Cambrian to Ordovician carbonate rocks cut by a quartz monzonite intrusive of Late Eocene age. The Main zone is generally oxidized to a maximum depth of about 250 m. The general distribution of mineralization on the West Desert property shows zoning similar to that in typical porphyry/CRD systems, with an inner zone of molybdenum-rich mineralization grading outwards through copper and zinc, then lead, silver and manganese with increasing distance from the intrusive.

From 2006 to 2010, the Company completed geophysical surveys, metallurgical studies and over 10,000 m of diamond drilling. In September 2010, the Company completed a PEA of the West Desert project. In 2014, the Company completed a revised PEA of the West Desert project which supersedes all earlier reports.

### *Highlights of 2014 PEA*

- After-tax NPV (8%) of US\$258 million, IRR of 23% and payback of 3.7 years assuming base case long term metal prices (US\$; zinc = \$1 /lb, copper = \$3 /lb, iron = \$105 /t, indium = \$600 /kg, silver = \$21 /oz, gold = \$1,300 /oz)
- conventional bulk underground mining of sulphide resources
- 2.37 million tonnes per year mined over a 14.8-year mine life
- conventional processing to produce three clean concentrates
- zinc recoveries of 92% into a concentrate grading 55% zinc and containing high levels of indium
- copper recoveries of 74% into a concentrate grading 29% copper with payable levels of silver and gold
- average annual production of 107.9 million lbs zinc, 9.9 million lbs copper and 1.0 million tonnes iron concentrate (magnetite)
- initial and life-of-mine capex of US\$247.4 million and US\$388.9 million, respectively
- good potential for resource expansion

## Mineral Properties (cont'd...)

### West Desert (cont'd...)

For additional information on the West Desert PEA please refer to the Company's press release dated April 1, 2014 and the Company's report entitled "Technical Report on the West Desert Zinc-Copper-Indium-Magnetite Project, Preliminary Economic Assessment, Juab County, Utah" at [www.inzincmining.com](http://www.inzincmining.com) or [www.sedar.com](http://www.sedar.com).

*Note: The PEA is considered preliminary in nature. It includes Inferred mineral resources that are considered too speculative to have the economic considerations applied that would enable classification as mineral reserves. There is no certainty that the conclusions within the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

### *2018 Programs*

In April 2018, the Company commenced diamond drilling. Geophysical surveys, completed in January 2018, supported target selection and corresponding drill hole locations over the exploration area.

On June 6, 2018 and August 27, 2018, the Company reported results of the drill program. The Company completed five deep holes totaling 3,279 m which focused on exploration and expansion of the large zinc resources outlined in the West Desert PEA.

### *Highlights of the 2018 Drill Program*

- Drill hole WD18-01, drilled west of the existing deposit, intersected a thick interval of 15.4 m of 6.3% Zn, 0.1% Cu and 67 g/t In at 340 m below surface and approximately 60 m west of the known boundary of the existing sulphide resources.
- WD18-05, drilled below WD18-01, intersected shallow, high grade sulphide mineralization over 6.8 m averaging 16.5% Zn, 0.3% Cu, 60 g/t In and 14 g/t Ag at a downhole depth of 142 m. The hole was drilled to the west of existing sulphide resources.
- WD18-02, drilled to the east of the existing resources and 400 m to the east of WD18-01, intersected multiple, narrow high grade zones including 1.5 m of 11.6% Zn, 0.1% Cu, 4 g/t In and 53 g/t Ag and established the eastward expansion potential of the CRD (Deep) zone by 175 m to the east.
- WD18-03, drilled 1.27 km to the east of WD18-01, intersected high grade silver mineralization 320 m beneath the historic Utah silver mine with a narrow intercept of 0.3 m of 1,402 g/t Ag, 1.2 g/t Au and 44.5% Pb.
- WD18-04, drilled 120 m to the west of WD18-01, intersected 1.8 m of 8.6% Zn and 339 g/t In at 206.7 m downhole in a thick oxidized interval suggestive of deeper sulphide mineralization below.

The Company has received the necessary permits to complete an additional phase of drilling which is designed target the thicker higher grade western expansion potential discovered in the 2018 program.

### *2021 Expenditure Requirements*

An estimated total of US\$33,000 is required in 2021 to keep the claims and leases comprising West Desert in good standing.

## **Mineral Properties (cont'd...)**

### West Desert (cont'd...)

Subsequent to December 31, 2020, the Company entered into an option agreement (the "Option Agreement") with American West Metals Limited ("American West"), a private Australian company, pursuant to which the Company granted an option ("Option"), subject to an indium royalty in favour of the Company, to earn a 100% interest in West Desert. To earn its interest, American West is required to pay USD \$500,000 on the effective date (the "Effective Date"); pay \$1,000,000 within 30 days of American West listing its shares on the Australian Securities Exchange ("ASX") or 12 months after the Effective Date, whichever is earlier; pay USD \$1,500,000 upon the announcement by American West to the ASX of a completed Prefeasibility Study for West Desert or 24 months after the Effective Date, whichever is earlier; and issue \$2,500,000 by way of shares of American West ranking equally with the shares of American West issued under their initial public offering ("IPO") (the "Consideration Shares") of American West. If American West has not listed on the ASX within 12 months of the Effective Date, the Company may elect to receive \$1,250,000 in cash from American West in lieu of Consideration Shares. If American West has not completed the IPO on the ASX within 24 months of the Effective Date, the Company may elect to receive \$2,500,000 in cash in lieu of Consideration Shares.

Upon American West having paid the cash payments above and either having delivered the Consideration Shares or having paid the applicable cash payment in lieu of delivering Consideration Shares, American West may exercise the Option and acquire West Desert. The Company will receive 50% of the revenue from the sale of indium mined from West Desert determined on a NSR basis in accordance with generally accepted industry practice. American West will have the right to reduce the NSR to 25% by paying the Company USD \$5,000,000 in cash at any time prior to the first sale of indium from the project.

During the Option period, American West will be the operator of West Desert. If payments referred to above are not paid when due and American West does not rectify the failure within 45 days, the Company has the right to terminate the Option Agreement and American West shall surrender West Desert promptly to the Company.

Effective Date is defined as the date that is the second business day following the latest of the dates on which the Company receives all necessary regulatory and shareholder approval. The Option Agreement is subject to, among other things, regulatory and shareholder approval.

### Indy

The Indy Sedex exploration project, located in central British Columbia, covers a 25 km strike length (11,000 Ha) of Cambrian to Mississippian aged sedimentary rocks with district scale discovery potential for Sedimentary Exhalative (Sedex) type deposits. Sedex deposits are rare, formed in clusters and only in certain sequences of sedimentary rocks in specific geologic periods. They represent some of the largest known zinc deposits in the world. In western North America, the best located Sedex deposits have now been depleted.

In 2018, an initial drill program discovered Sedex-type mineralization at one of four large areas of strongly anomalous soil geochemistry on the project. In 2019, to further evaluate this expansive property and prioritize the numerous areas of interest, the Company completed extensive soil geochemical sampling and mapping programs. Over 5 km of un-tested multi-element soil geochemical anomalies and associated pathfinder elements typical of Sedex type deposits are now defined.

Indy is located approximately 100 km southeast of the city of Prince George, British Columbia. The property is 85 km south of the CNR transcontinental railway and 65 km south of the Yellowhead highway at elevations ranging from 950 m to 1300 m. The property is accessed by well-maintained Forest Service roads.

**Mineral Properties (cont'd...)**Indy (cont'd...)

On October 17, 2016, subsequently amended April 2, 2020, the Company entered into an option agreement to acquire a 100% interest in Indy from Pac Shield Resources Inc. ("PSR"), a private British Columbia company. Pursuant to the agreement with PSR, the Company has the option to earn a 100% interest over a five year period by making staged cash payments totaling \$315,000 (\$140,000 paid to date), issuing an aggregate of 2,400,000 shares (1,500,000 issued to date) and completing work commitments of \$2,600,000 (first, second, third, and fourth year work commitments totalling \$950,000 have been completed). In addition, a \$500,000 cash payment and the issuance of 500,000 shares of the Company will be made to PSR if the Company files a technical report establishing a 500,000,000 pound zinc resource on the property. A further \$500,000 cash payment will be made to PSR should the Company file a technical report establishing a 750,000,000 pound zinc resource on the property. The property is subject to a 1.0% NSR held by PSR (the "PSR NSR") and a 1.5% NSR held by Kerry Curtis, a director, Chairman of the Board and former interim Chief Executive Officer of the Company, and a director and the controlling shareholder of PSR. On exercise of the option and prior to completion of a feasibility study on the property, the Company has the right to purchase the PSR NSR for \$1,500,000.

*Previous Activity*

Kennco staked the area in 1981 and between 1980 and 1982 located several zinc-lead-silver geochemical anomalies over a 6.5 km trend. Four short diamond drill holes on two selected geochemical targets were completed.

In 1988, Cominco optioned the property from Kennco and completed soil geochemistry programs outlining a fourth anomaly on the property. Five shallow, wide-spaced diamond drill holes drilled by Cominco in 1989 targeted a portion of a high contrast soil anomaly (Anomaly B). All five holes intersected mineralization at estimated vertical depths less than 100 m over a 450 m long trend. Drill intersections ranged from 1.5 m to 19.7 m, grading from 1.9% to 8.9% zinc, 1.0 g/t to 55.6 g/t silver and 0.04% to 2.4% lead. True widths of these intersections are not known and in some cases core recoveries were less than 50%.

Cominco returned the property to Kennco post 1991, after which only minor activities are recorded.

*InZinc Programs*

In 2017, the Company completed initial soil geochemical surveys, geological mapping and prospecting in the Anomaly B and C areas.

Additional geochemical surveys were completed in mid-August 2018, prior to an initial diamond drill program (1270 m in eleven drill holes) which was completed in September 2018. The program focused on testing anomalous soil geochemistry with shallow drill holes located in the southern portion of Anomaly B.

## Mineral Properties (cont'd...)

### Indy (cont'd...)

### *InZinc Programs* (cont'd...)

In November 2018, the company announced the discovery of shallow, high grade zinc sulphide mineralization in drill hole IB18-009 at the B-9 zone. Significant drill intersections from the 2018 drill program include:

#### **B-9 Zone 2018 Drilling – Selected Highlights**

- 12.33% Zn, 2.98% Pb, 24.46 g/t Ag over 6.29 m at 60 m below surface in hole IB18-009
- 5.76% Zn, 0.48% Pb, 3.41 g/t Ag over 6.73 m at 56 m below surface in hole IB18-008
- 4.49% Zn, 1.13% Pb, 7.32 g/t Ag over 4.28 m at 27 m below surface and
- 2.24% Zn, 0.83% Pb, 5.23 g/t Ag over 5.38 m at 33 m below surface and
- 3.50% Zn, 0.66% Pb, 4.59 g/t Ag over 4.57 m at 37 m below surface in Hole IB18-002
- 9.26% Zn, 2.43% Pb, 17.98 g/t Ag over 3.05 m at 23 m below surface in hole IB18-003\*
- 3.88% Zn, 1.34% Pb, 8.90 g/t Ag over 3.99 m at 29 m below surface in hole IB18-006

*Note: Drilled intersections are apparent width only. The intersections in IB18-002 are separated by lost core/no recovery. \*Low core recoveries.*

The potential extension of the mineralization intersected at the B-9 Zone is supported by multiple, untested, high-contrast soil geochemical trends which extend to the west, north and south of the area currently drilled. Depth potential of the B-9 mineralization also remains to be tested.

In late 2018, the Company increased its claim holdings to encompass an additional zinc-in-soil geochemical anomaly, called the Action anomaly. The Action anomaly was discovered by Noranda Exploration in 1989, returning high contrast zinc-in-soil geochemical samples over a trend of 800 m.

### *2019 Programs*

From mid-June until late-August, extensive soil geochemical surveys (1,194 soils) to further outline, extend and prioritize the various anomalies were completed. Additional work included mapping and prospecting programs on priority targets. The results of these programs were announced in late September 2019. Highlights included the definition of a large new Sedex target called the Delta Horizon. The new target is located 5 km northwest of the B-9 Zone.

#### **2019 Program Summary - Large Exploration Targets**

- **Delta Horizon:** 659 B-horizon soil samples outline a 1.5 km long high contrast, multi-element geochemical anomaly defined by distinctive Sedex pathfinder elements and rock exposures.
- **Anomaly B:** 379 soil samples extended and defined the geochemical trends associated with the 2018 Sedex discovery area (B-9 Zone). Multiple, parallel Sedex style trends are now defined with an aggregate length of 2 km of which 90% remains untested by drilling.
- **Anomaly C:** expanded the high contrast, untested geochemical anomaly to a 750 m length.
- **Action Zone Reconnaissance:** 750 m length high contrast geochemical anomaly, untested and open for expansion.

## **Mineral Properties** (cont'd...)

### Indy (cont'd...)

#### *2019 Programs* (cont'd...)

The 2019 program identified the distinctive geochemical signatures associated with Sedex deposits, in several potentially stacked horizons over the 7 km long main trend. The aggregate length of geochemical targets on the project now exceeds 5 km.

Exploration activities are permitted and monitored under a Multi-Year Access Bond ("MYAB") with the Government of British Columbia. Exploration expenditures are eligible for the BC Mineral Exploration Tax Credit ("BCMETC"). The Company has received \$220,715 for the BCMETC claims for 2017 – 2018. The BCMETC claim for 2019 of \$94,261 was received in November 2020.

#### *2021 Expenditure Requirements*

Under the terms of the Indy option agreement, additional property expenditures of \$350,000 are required on or before January 29, 2021. These requirements have been met.

### PX

In fiscal year 2018, the Company acquired, via staking, 126 mining claims located in Utah, USA. The PX property (100% interest) ("PX") is a grassroots exploration stage project.

#### *Programs*

Various geochemical studies were completed in 2018 supporting the concept of a covered intrusive. In addition, an IP orientation survey was completed in late 2018. In September 2019, the tenure was reduced.

#### *2020 Activity*

During the year ended December 31, 2020, management decided to discontinue exploration on PX and, accordingly, wrote off the carrying value of \$35,066.

**Summary of Exploration and Evaluation Assets and Activities**

Exploration and evaluation asset summary

Exploration and evaluation asset acquisition costs for the year ended December 31, 2020 are as follows:

	<b>West Desert</b>		<b>PX</b>		<b>Indy</b>		<b>Total</b>
Balance, December 31, 2019	\$ 394,127	\$	35,066	\$	185,763	\$	614,956
Additions during the year:							
Cash payments	-		-		25,000		25,000
Shares issued	-		-		8,000		8,000
	-		-		33,000		33,000
Write-off of exploration and evaluation asset	-		(35,066)		-		(35,066)
<b>Total, December 31, 2020</b>	<b>\$ 394,127</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>218,763</b>	<b>\$</b>	<b>612,890</b>

Exploration and evaluation expenditures

Exploration and evaluation expenditures for the year ended December 31, 2020 are as follows:

	<b>West Desert</b>		<b>PX</b>		<b>Indy</b>		<b>Total</b>
Analytical	\$ 222	\$	-	\$	-	\$	222
Claims maintenance	51,431		-		500		51,931
Communication	1,121		-		-		1,121
Equipment and supplies	7,736		-		509		8,245
Personnel	6,439		-		6,000		12,439
Room and board	1,830		-		6,774		8,604
Travel	-		-		579		579
	68,779		-		14,362		83,141
BC mineral exploration tax credit	-		-		(94,261)		(94,261)
<b>Total, December 31, 2020</b>	<b>\$ 68,779</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(79,899)</b>	<b>\$</b>	<b>(11,120)</b>

**Selected Annual Information**

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements for the year ended December 31, 2020, 2019, and 2018:

		<b>2020</b>	<b>2019</b>	<b>2018</b>
Loss	Total	\$ (202,101)	\$ (414,948)	\$ (2,785,564)
	Per Share <sup>(1)</sup>	\$ (0.00)	\$ (0.00)	\$ (0.03)
Loss and Comprehensive Loss	Total	\$ (202,101)	\$ (415,427)	\$ (2,786,459)
	Per Share <sup>(1)</sup>	\$ (0.00)	\$ (0.00)	\$ (0.03)
Total Assets		\$ 1,067,294	\$ 1,230,328	\$ 1,405,582
Working Capital		\$ 243,274	\$ 420,993	\$ 571,491
Total Liabilities		\$ 50,277	\$ 30,918	\$ 86,848

<sup>(1)</sup> basic and diluted

The Company's projects are at the exploration stage and have not generated any revenues. At December 31, 2020, the Company had not yet achieved profitable operations and has a deficit of \$17,171,397 (2019 - \$17,226,211). These losses resulted in a net loss per share for the year ended December 31, 2020 of \$0.00 (2019 - \$0.00).

The loss and comprehensive loss for the Company has varied from year to year, depending mainly on the amount of exploration activities, communication and investor relations activities, professional fees, exploration activity and whether or not stock options were issued.

**Selected Quarterly Information**

<b>Quarter Ended</b>	<b>Revenue</b>	<b>Net income (loss) and comprehensive income (loss)</b>	<b>Net income (loss) per share <sup>(1)</sup></b>
December 31, 2020	\$ Nil	\$ 15,723	\$ (0.00)
September 30, 2020	\$ Nil	\$ (129,826)	\$ (0.00)
June 30, 2020	\$ Nil	\$ (66,724)	\$ (0.00)
March 31, 2020	\$ Nil	\$ (21,274)	\$ (0.00)
December 31, 2019	\$ Nil	\$ 112,577	\$ (0.00)
September 30, 2019	\$ Nil	\$ (224,481)	\$ (0.00)
June 30, 2019	\$ Nil	\$ (232,416)	\$ (0.00)
March 31, 2019	\$ Nil	\$ (71,107)	\$ (0.00)

<sup>(1)</sup> basic and diluted

The loss and comprehensive loss for the Company varies from quarter to quarter, depending mainly on the amount of exploration activities, communication and investor relations activities, professional fees, and whether stock options were granted.

**Results of Operations**

The loss and comprehensive loss for the year ended December 31, 2020 was \$202,101 or \$0.00 per share compared with a loss of \$415,427 or \$0.00 per share during the same period of 2019. The following discussion should be read in conjunction with the accompanying Financial Statements and related notes for the period.

**Results of Operations** (cont'd...)

The table below explains the significant changes in expenditures for the year ended December 31, 2020 compared with December 31, 2019.

<b>Expense</b>	<b>Change in Expense</b>	<b>Explanation for Change</b>
Communication and investor relations	Decrease of \$7,903	Decrease is due to less activity in the current period, partially as a result of COVID. Additionally, the Company changed to a less expensive service provider for its news releases.
Exploration and evaluation expenditures (recoveries)	Decrease of \$198,310	Exploration and evaluation expenditures were \$83,141 in fiscal 2020, which was offset by the BCMETC of \$94,261 as compared to \$385,100 in fiscal 2019, which was offset by the BCMETC of \$197,910. There was less work performed on Indy in fiscal 2020.
Foreign exchange loss	Decrease of \$5,508	The reclamation bond on West Desert is held in USD and the USD dollar weakened against the CAD, creating an unrealized foreign exchange gain.
Office and miscellaneous	Decrease of \$6,978	Decrease is due to less activity in the current year as the Company is currently minimizing operations.
Professional fees	Increase of \$9,115	There was more legal work performed in the current year for review of agreements compared to the prior year.
Share-based compensation	Decrease of \$34,720	There were more incentive share options that vested during the prior period as compared to the current period.
Travel	Decrease of \$10,697	Decrease is due to no management travel related to property operations in the current period.
Write-off of exploration and evaluation asset	Increase of \$35,066	The Company wrote off PX in the current period; there were no write offs in the prior period.

**Current Quarter**

The net income and comprehensive income for the three months ended December 31, 2020 was \$100,412 or \$0.00 per share compared with net income and comprehensive income of \$112,577 or \$0.00 per share during the same quarter of 2019. The following discussion should be read in conjunction with the accompanying Financial Statements and related notes for the period.

The table below explains the significant changes in expenditures, not described above, for the three months ended December 31, 2020 compared with December 31, 2019.

Expense	Change in Expense	Explanation for Change
Exploration and evaluation expenditures (recoveries)	Increase of \$87,299	Exploration and evaluation expenditures were \$11,692 in this quarter, which was offset by the BCMETC of \$94,261 as compared to \$28,042 in comparative quarter, which was offset by the BCMETC of \$197,910. The funds received for the BCMETC were lower in the current quarter.
Filing and regulatory	Increase of \$5,493	There were additional fees incurred in the current period for filing fees associated with the renewal of the stock option plan that were not incurred in the prior period.

**Related Party Transactions**

The Company entered into the following transactions with related parties during the year ended December 31, 2020:

Summary of key management personnel compensation:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Professional fees (Steve Vanry)	\$ 12,000	19,500
Share-based compensation (John Murphy)	1,248	4,807
Share-based compensation (Kerry Curtis)	1,997	7,692
Share-based compensation (Louis Montpellier)	1,248	4,807
Share-based compensation (Steve Vanry)	999	3,843
Share-based compensation (Wayne Hubert)	1,997	7,692
	\$ 19,489	\$ 48,341

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$1,050 (2019 - \$1,147).

**Liquidity, Financial Position and Capital Resources**

The Company's liquidity and capital resources are as follows:

	December 31, 2020	December 31, 2019
Cash	\$ 270,214	\$ 431,146
Receivables	1,355	2,242
Prepays	21,691	18,232
Marketable securities	291	291
<b>Total current assets</b>	<b>\$ 293,551</b>	<b>\$ 451,911</b>
Accounts payable and accrued liabilities	\$ 50,277	\$ 30,918
<b>Total current liabilities</b>	<b>\$ 50,277</b>	<b>\$ 30,918</b>
<b>Working capital</b>	<b>\$ 243,274</b>	<b>\$ 420,993</b>

The Company had a net working capital position of \$243,274 at December 31, 2020 compared with \$420,993 as at December 31, 2019.

The Company had cash on hand of \$270,214 on December 31, 2020 (2019 - \$431,146). The source of cash consists of funds raised in previous financings, along with proceeds from the BCMETC, less cumulative expenditures incurred. The primary use of cash during the year ended December 31, 2020 was the funding of operations of \$135,932 (2019 - \$379,149) and the acquisition of exploration and evaluation assets of \$25,000 (2019 - \$25,000). There were no financings during the year ended December 31, 2020, as compared to one financing during the year ended December 31, 2019, which raised net proceeds of \$237,675.

The Company's general and administrative costs, exclusive of any management compensation or direct business costs such as acquisitions, exploration field work or travel, are in the range of \$180,000 annually. These maintenance costs are typical for a public company of this nature and consist of stock exchange fees, legal fees, accounting and audit fees, transfer agent fees and general office expenses such as rent, insurance, basic administrative assistance and phone. As the Company has commenced further exploration of its properties, it may have an impact on general and administrative costs.

The Company has no known mineral reserves and is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets from time to time.

**Proposed Transactions**

There are no proposed transactions to be reported.

## **Risks and Uncertainties**

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

### History of losses

The Company has incurred net losses since inception and as of December 31, 2020, had an accumulated deficit of \$17,171,397.

### No history of dividends

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

### Dilution

The Company does not generate any revenues and does not have sufficient financial resources to undertake by itself all of its planned expenditures. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further expenditures will depend on the Company's ability to obtain additional financing which may not be available under favourable terms, if at all.

### Capital and liquidity risk

The amount of financial resources available to invest for the enhancement of shareholder value is dependent upon the size of the treasury, profitable operations, and willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

### Dependence on key personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for a professional is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

## **Risks and Uncertainties (cont'd...)**

### Mineral exploration

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit.

### Preliminary Economic Assessments

Preliminary Economic Assessments are considered to be preliminary in nature. They include inferred mineral resources that are considered too speculative to have the economic considerations applied that would enable their classification as mineral reserves. There is no certainty that the conclusions within a Preliminary Economic Assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

### Management of industry risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company's mineral exploration activities expose it to potential environmental liability risk. It is management's policy to review environmental compliance and exposure on an ongoing basis. The Company follows industry standards and specific project environmental requirements. The Company is currently in the exploration stage on its property interests and has not determined whether significant site recovery costs will be required. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

### Commodity and equity prices

The Company has exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

### Other risks

The Company will need additional funding to complete its short and long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, as well as the business performance of the Company. Current global financial conditions have been subject to increased volatility which has negatively impacted access to public financing. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. The market price of the Company's shares at any given point in time may not accurately reflect value. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

The Company is dependent upon the services of key executives, including the Chief Executive Officer. Certain directors and officers of the Company also serve as directors and/or officers of other companies involved in mineral exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflicts of interest.

## **Risks and Uncertainties (cont'd...)**

### Other risks (cont'd...)

The Company's business and operations could be adversely affected by the outbreak of an epidemic or a pandemic or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency and on March 20, 2020, the government of Canada closed their border to non-essential travel. The Canadian government has enacted 14 days of mandatory quarantine for any person entering Canada by air, sea or land. Global government actions, including these restrictive measures in Canada, along with market uncertainty could cause an economic slowdown resulting in a decrease in the demand for metals and have a negative impact on metal prices, as well as possible disruptions to global supply chains. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

## **Critical Accounting Estimates**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates are made when applying accounting policies. The critical estimates that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

### Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

### Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

## **New Accounting Policies Adopted**

During the year ended December 31, 2020, the Company has adopted a new accounting policy with respect to exploration and evaluation assets and expenditures. In prior years the Company's policy was to capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company has elected to change this accounting policy to now charge to operations exploration expenditures as incurred, effective with the presentation of these consolidated financial statements, on a retrospective basis.

There were no other changes in accounting policies, including initial adoption, during the year.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

## Financial Instruments and Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Marketable securities are measured at fair value using level 1 inputs. The fair value of cash, receivables, reclamation deposits, and accounts payable and accrued liabilities approximates their carrying values.

### Financial risk factors

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, interest rate, foreign currency, and price risk.

#### *Credit risk*

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables are due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments as they become due.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the year ended December 31, 2020.

#### *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payables and accrued liabilities that are denominated in United States Dollars. A 10% change in foreign exchange rates would result in a nominal difference for the year ended December 31, 2020.

#### *Price risk*

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

**Subsequent Events**

In addition to the subsequent events disclosed elsewhere in this MD&A, subsequent to December 31, 2020, the Company:

- i. issued 6,666,665 units at a price of \$0.03 per unit by way of a non-brokered private placement for total proceeds of \$200,000. Each unit was comprised of one common share and one-half of one share purchase warrant, which entitles the holder of each whole warrant to acquire an additional common share of the Company at a price of \$0.06 per common share, for a period of 24 months from the date of issue; and
- ii. granted 100,000 stock options at a price of \$0.05 per common share, vesting 50% six months and 50% after 12 months, for a period of three years, expiring on February 4, 2024.

**Authorized and Issued Share Capital as at April 29, 2021**

Issued and outstanding: 121,752,084 common shares

Options outstanding are as follows:

Number of options	Exercise price	Expiry date
2,650,000	\$ 0.09	May 31, 2021
500,000	\$ 0.11	June 21, 2021
2,350,000	\$ 0.05	May 30, 2022
980,000	\$ 0.12	October 11, 2022
100,000	\$ 0.05	February 4, 2024
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6,580,000		

Warrants outstanding are as follows:

Number of warrants	Exercise price	Expiry date
2,750,000	\$ 0.10	May 29, 2021
330,000	\$ 0.05	May 29, 2021
3,333,331	\$ 0.06	February 18, 2023
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6,413,331		

**Approval**

The Board of Directors of the Company has approved the disclosure contained in this Management's Discussion and Analysis. A copy will be provided to anyone who requests it.

On Behalf of the Board of Directors,

April 29, 2021