

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements for the two years ended December 31, 2020 and 2019, 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 that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the section heading "Item 1A. Risk Factors" above and elsewhere in this Annual Report on Form 10-K. See section heading "Cautionary Note Regarding Forward-Looking Statements" above.

Results of Operations

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

	Twelve Months Ended	
	12/31/20	12/31/19
Operating expenses		
General and administrative	\$1,614,384	\$1,293,208
Lease expense	16,000	16,000
Exploration, evaluation and project expense	1,152,852	215,014
Accretion expense	5,069	-
Depreciation expense	632	-
Total operating expenses	2,788,937	1,524,222
Net operating loss	(2,788,937)	(1,524,222)
Gain on extinguishment of debt	20,833	-
Interest expense	(62,481)	(71,702)
Revaluation of warrant liability	(9,668,245)	-
Foreign currency translation adjustment	539,546	-
Net loss	<u><u>\$(11,959,284)</u></u>	<u><u>\$(1,595,924)</u></u>

For the 12 months ending December 31, 2020 the Company increased general and administrative expenses by approximately \$320,000. The increase was a result of a \$200,000 severance payment to the former CEO who resigned on October 26, 2020. In addition, \$150,000 of expenses were incurred during the period of October - December 2020 as a result of the Company entering into an arrangement to share office space, equipment, personnel, consultants and various administrative services for the Company's new head office located in Vancouver, BC Canada. Marketing and investor relations increased approximately \$265,000 year over year as the Company increased marketing efforts and investor awareness initiatives. The increases in 2020 were offset, by lower officer and director costs in 2020.

Exploration and evaluation increased by approximately \$940,000 from 2019. The acquisition of the additional Barrick land in October 2020 resulted in the startup of a drill campaign that resulted in drilling 1,647 feet in December 2020 for approximately \$500,000. Along with the drilling there has been the mobilization of contractors, consultants, engineers, and construction equipment for an additional \$500,000.

The revaluation of the warrant liability was based on the 1,282,051 warrants issued in January 2020 at C\$1.20 and the 18,333,333 warrants issued in October 2020 at C\$1.80. There was no warrant liability in 2019 and therefore no revaluation expense.

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 and the exercise of incentive stock options and share purchase warrants. 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. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects.

On January 16, 2020, the Company sold an aggregate of 2,564,103 Units for gross proceeds to the Company of CAD\$2,000,000 to accredited investors pursuant to a subscription agreement. Each Unit was sold for a purchase price of C\$0.78 per Unit and consisted of: (i) one share of the Company's common stock and (ii) a two-year warrant to purchase 50% of the number of shares of common stock purchased at an exercise price of C\$0.20 per share. In addition, the Company paid a total of C\$118,918 for finder's fees on subscriptions under the Offering and issued to the finder 152,458 share purchase warrants. Each Finder Warrant entitles the holder to acquire one share of common stock at an exercise price of C\$1.20 per share for a period of 24 months from the date of issuance.

On October 26, 2020, the Company sold an aggregate of 18,333,333 Units for gross proceeds to the Company of CAD\$22,000,000 to accredited investors pursuant to a subscription agreement. Each Unit was sold for a purchase price of CAD\$1.20 per Unit and consisted of: (i) one share of the Company's common stock and (ii) a four-year warrant to purchase one share of common stock purchased at an exercise price of CAD\$1.80 per share. Also, on the same date, the Company completed a land acquisition transaction for an aggregate consideration of 9,100,000 units of the Company, each unit consisting of one share of common stock and one four-year warrant to purchase one share of common stock at an exercise price of CAD\$1.80 per share.

Liquidity

As at December 31, 2020, the Company had total liquidity of \$14,342,000 in cash and cash equivalents. The Company had working capital of \$14,153,000 and an accumulated deficit of \$23,626,000. For the year ended December 31, 2020, the Company had negative operating cash flows before changes in working capital of \$1,819,000 and a net loss of \$11,959,000.

As at December 31, 2019, the Company had total liquidity of \$45,000 in cash and cash equivalents. The Company had negative working capital of \$470,000 and an accumulated deficit of \$11,666,000. For the year ended December 31, 2019, the Company had negative operating cash flows before changes in working capital of \$919,000 and a net loss of \$1,596,000.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

As of March 15, 2020, capital structure of the Company currently consists of 68,755,601 shares of common stock, par value \$0.0001. The Company manages the capital structure and adjusts it in response to changes in economic conditions, its expected funding requirements, and risk characteristics of the underlying assets. The Company's funding requirements are based on cash forecasts. In order to maintain or adjust the capital structure, the Company may issue new debt, new shares and/or consider strategic alliances. Management reviews its capital management approach on a regular basis. The Company is not subject to any externally imposed capital requirements.

Contractual obligations and commitments

The Company's contractual obligations and commitments as at December 31, 2020 and their approximate timing of payment are as follows:

	<1 year	1 - 3 years	4 - 5 years	>5 years	Total
Leases	\$258,513	\$201,786	\$42,000	\$721,000	\$1,223,299
Capital Expenditure	25,000	60,000	-	-	85,000
	\$283,513	\$261,786	\$42,000	\$721,000	\$1,308,299

Off Balance Sheet Arrangements

We do not engage in any activities involving variable interest entities or off-balance sheet arrangements.

Critical Accounting Policies and Use of Estimates

Stock based compensation is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period. We estimate the fair value of each stock option as of the date of grant using the Black-Scholes pricing model. The Company determines the expected life based on historical experience with similar awards, giving consideration to the contractual terms, vesting schedules and post-vesting forfeitures. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future.

Mineral property exploration costs are expensed as incurred until such time as economic reserves are quantified. To date, the Company has not established any proven or probable reserves on its mineral properties. Costs of lease, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. The Company has chosen to expense all mineral exploration costs as incurred given that it is still in the exploration stage. Once the Company has identified proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established. When a property reaches the production stage, the related capitalized costs will be amortized over the estimated life of the probable-proven reserves. When the Company has capitalized mineral properties, these properties will be periodically assessed for impairment of value and any diminution in value. To date, the Company has not established the commercial feasibility of any exploration prospects; therefore, all exploration costs are being expensed. Costs of property acquisitions are being capitalized, and a required payment of \$20,000 was made in 2018 to Mojave Gold Mining Corporation ("Mojave") as part of the Option to Purchase Agreement ("Option").

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS

Our financial statements appear beginning at page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.