



**Form 51-102F1: Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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## **Introduction**

Newcore Gold Ltd. (formerly Pinecrest Resources Ltd.) and its subsidiary engage principally in the acquisition, advancement, and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Newcore Gold Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Newcore is a public company listed on the TSX Venture Exchange (the "Exchange") (TSX-V: NCAU) and its head office is located at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Newcore Gold Ltd. ("Newcore" or the "Company") for the year ended December 31, 2020. The Company prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company including the most recent Company filings can be located on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is prepared as of April 28, 2021. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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## **Forward Looking Statements**

This MD&A includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

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## **Business Overview and Overall Performance**

### *Business overview*

Newcore Gold Ltd. and its subsidiary engage principally in the acquisition, advancement and development of precious mineral properties, particularly its Enchi Gold Project in Ghana. Newcore Gold Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Newcore is a public company listed on the TSX Venture Exchange (the "Exchange") (TSX-V: NCAU0) and its head office is located at Suite 413 – 595 Burrard Street, P.O. Box 49167, Vancouver, British Columbia, V7X 1J1.

### *Overall performance*

- For the year ended December 31, 2020, the Company recorded a net loss of \$2,211,988 or \$0.03 loss per share compared to a net loss of \$270,655 or \$0.00 loss per share during the prior year. The increase in net loss from the prior year is primarily due to the higher share-based compensation expense and management fees in 2020 as a result of the significantly increased levels of activity in the year..

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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- For the year ended December 31, 2020, the Company recorded a comprehensive loss of \$2,623,290 compared to a comprehensive loss of \$802,498 during the prior year. The comprehensive loss in 2019 was mainly the result of a currency translation loss of \$531,843 which is due to the stronger Cdn. dollar in 2019.
  - As at December 31, 2020, the Company had total assets of \$31,122,920 (December 31, 2019 - \$14,652,641), consisting primarily of short-term investments and exploration and evaluation assets.
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### **Results of Operations**

Exploration and evaluation assets as at December 31, 2020 was \$17,380,916 compared to \$13,997,180 as at December 31, 2019. The increase during the year is primarily due to the ongoing drilling program on the Enchi Gold Project.

On June 17, 2020, the Company completed a non-brokered private placement for gross proceeds of \$3,000,000 through the issuance of 15,000,000 common shares of the Company at a price of \$0.20 per common share. Insiders of the Company subscribed for a total of 5,300,000 Shares in the Private Placement. On November 4, 2020 the Company also completed a bought deal prospectus offering led by Haywood Securities Inc. and Stifel GMP (acted as co-lead underwriters) and joint book-runners, on behalf of a syndicate of underwriters that included Cormark Securities Inc., Raymond James Ltd., and Sprott Capital Partners LP. Pursuant to the Offering, the Company issued a total of 18,750,000 common shares of the Company at a price of \$0.80 per common share for gross proceeds of \$15,000,000.

During the year ended December 31, 2020, 2,250,001 stock options with an exercise price ranging from \$0.10 to \$0.53 per common share were exercised by directors, officers, and consultants of the Company for gross proceeds of \$225,000.

#### 3 months ended December 31, 2020 vs. 3 months ended December 31, 2019

For the three months ended December 31, 2020, the Company recorded a net loss of \$1,433,953 or \$0.02 loss per share compared to a net loss of \$48,301 or \$0.00 loss per share during the same period in the prior year.

Management fees were \$531,863 during the three months ended December 31, 2020 (2019 - \$16,000). The increase in fees during the year was primarily due to the Company's recent hiring of a new CEO and President as well as VP Corporate Development and Investor Relations. The Company's VP Exploration also commenced on a full-time basis during the quarter.

Share-based compensation was \$622,830 during the three months ended December 31, 2020 (2019 - nil). During 2020, the Company granted 6,800,000 stock options, 1,150,000 restricted share units and 400,000 performance share units to eligible directors, officers, consultants, and employees of the Company. There were no stock options or any other equity awards that vested in 2019.

Shareholder relations, marketing and conferences expense was \$180,354 during the three months ended December 31, 2020 (2019 - \$830). The increase in loss was due to increased marketing and rebranding efforts of the Company.

#### 12 months ended December 31, 2020 vs 12 months ended December 31, 2019

For the year ended December 31, 2020, the Company recorded a net loss of \$2,211,988 or \$0.03 loss per share compared to a net loss of \$270,655 or \$0.00 loss per share during the prior year.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**

(Expressed in Canadian Dollars)

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Consulting expense was \$34,064 during the year ended December 31, 2020 (2019 - \$18,759). The increase in expense during the year was due to the Company engaging a firm to assist with its DTC eligibility relating to its OTCQX listing application.

Foreign exchange loss was \$74,648 during the year ended December 31, 2020 (2019 - \$24,619). The increase in loss was due to a weaker Canadian dollar during 2020.

Legal expense was \$59,173 during the year ended December 31, 2020 (2019 - \$4,722). The increase in legal expense during the year was primarily due to the Company's new long-term incentive plan, AGM, and annual information form.

Management fees were \$704,707 during the year ended December 31, 2020 (2019 - \$110,625). The increase in fees during the year was primarily due to the Company's recent hiring of a new CEO and President as well as VP Corporate Development and Investor Relations. The Company's VP Exploration also commenced on a full-time basis beginning August 2020.

Share-based compensation was \$834,752 during the year ended December 31, 2020 (2019 - nil). During 2020, the Company granted 6,800,000 stock options, 1,150,000 restricted share units and 400,000 performance share units to eligible directors, officers, consultants, and employees of the Company. There were no stock options or any other equity awards that vested in 2019.

Shareholder relations, marketing and conferences was \$322,080 during the year ended December 31, 2020 (2019 - \$22,092). The higher expense during the current year is due to increased marketing and rebranding efforts of the Company.

Transfer agent and regulatory fees were \$29,025 during the year ended December 31, 2020 (2019 - 12,598). The higher expense during the current year is primarily due to the long-term incentive plan filing fee with the Exchange and costs associated with the AGM.

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**Enchi Gold Project**

The Enchi Gold Project ("Enchi Project") hosts a pit constrained National Instrument 43-101 ("NI 43-101") Inferred Mineral Resource of 52.9 million tonnes grading 0.72 g/t Au containing 1.22 million ounces gold. The Company filed a NI 43-101 compliant technical report in support of the updated mineral resource estimate on October 28, 2020.

The Inferred Mineral Resource is based on exploration and drilling completed on the Enchi Project prior to 2020. It includes three deposits (Boin, Sewum and Nyam), each of which is open along strike and down dip. The Mineral Resource Estimate incorporates assay results from 180 diamond drill holes totaling 22,703 metres, 226 RC holes totaling 26,794 metres, 319 RAB holes totaling 12,443 metres and 169 trenches totaling 15,578 metres.

Notes for Inferred Mineral Resource Estimate:

1. CIM definition standards were followed for the resource estimate.
2. The 2020 resource models used ordinary kriging (OK) grade estimation within a three-dimensional block model with mineralized zones defined by wireframed solids and constrained by whittle pits shell.
3. A base cut-off grade of 0.3 g/t Au was used with a capping of gold grades at 18 g/t.
4. A US\$1,500/ounce gold price, open pit with heap leach operation was used to determine the cut-off grade of 0.3 g/t Au. Mining costs of US\$2.27/mined tonne and G&A and Milling costs of US\$9.84/milled tonne. The Inferred Mineral Resource Estimate is pit constrained.
5. A density of 2.45 g/cm<sup>3</sup> was applied. Numbers may not add due to rounding.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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6. Mineral Resources that are not mineral reserves do not have economic viability.
7. These numbers are from the technical report titled "Enchi Gold Project, Resource Update, Enchi, Ghana", with an effective date of October 21, 2020, prepared by Todd McCracken, P. Geo. and Greg Smith, P. Geo. in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and is available under Newcore's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Company commenced an 8,000 metre (subsequently expanded to 58,000 metres and then further expanded to 66,000 metres) drilling program at the Enchi Project in August 2020. The drilling program has continued into 2021 and is testing extensions of existing deposits, following up on previously drilled zones, first pass drilling on defined targets. The drilling program includes both Reverse Circulation ("RC") and diamond drilling and will include the first deep drilling planned on the Enchi Project.

In addition to drilling, work programs will also include metallurgical testing and geotechnical assessments in support of future engineering studies. A detailed topographic survey will also be completed to aid in drill targeting. Further exploration including geochemical sampling and trenching will be directed at advancing existing anomalies and targets.

On September 28, 2020, results were announced for 13 holes which targeted the Boin Gold Deposit ("Boin") including seven holes at Boin North stepping out along strike and down dip from previous positive drilling results, five holes at Boin Central primarily targeting down dip extensions to the gold mineralization, and one hole at Boin South designed to explore if Boin can be extended laterally and to depth.

Drilling at Boin successfully intersected shallow oxide gold mineralization outside of the currently defined resource area. Boin remains open for expansion along strike and to depth. Results included hole KBRC141 which intersected 1.67 grams per tonne gold ("g/t Au") over 47.0 metres ("m") from 48 m to 95 m, including 3.63 g/t Au over 10.0 m from 75 m to 85 m, hole KBRC151 intersected 2.30 g/t Au over 11.0 m from 9 m to 20 m, and hole KBRC146 intersected 0.92 g/t Au over 32.0 m from 30 m to 62 m, including 1.78 g/t Au over 12.0 m from 42 m to 54 m.

On October 21, 2020, additional results were announced from drilling at Boin again intersecting both shallow oxide gold mineralization and sulphide gold mineralization outside of the currently defined mineral resource. Results include hole KBRC159 intersected 0.73 g/t Au over 62.0 m from 178 m to 240 m (open), including 3.18 g/t Au over 7.0 m from 199 m to 206 m, hole KBRC153 intersected 1.21 g/t Au over 18.0 m from 42 m to 60 m, and hole KBRC158 intersected 1.41 g/t Au over 14.0 m from 77 m to 91 m.

On November 10, 2020, results were released for drilling at the Sewum Gold Deposit ("Sewum") which intersected both shallow oxide and deeper sulphide gold mineralization outside of the currently defined mineral resource. The 10 holes highlighted in the November 10<sup>th</sup> news release intersected gold bearing intervals within the upper portions of the unoxidized primary gold mineralization as well as near surface oxide mineralization. The oxidized gold mineralized zone intersected in drill hole SWRC073 (28 m grading 1.52 g/t Au from surface to 28 m, including 10 m grading 3.58 g/t Au from 15 m to 25 m) is in the southern portion of the Sewum Deposit and remains open at depth. Drill hole SWRC076 located in the central portion of the Sewum Zone, and on the edge of the current resource, intersected an upper oxidized zone with 49 m grading 0.91 g/t Au and a lower sulphide zone with 16 m grading 3.04 g/t Au which was mineralized to the end of the hole.

On November 26, 2020, drill results released include hole NBRC017 intersected 1.38 g/t Au over 45.0 m from 8 m to 53 m, including 6.25 g/t Au over 6.0 m from 47 m to 53 m (oxide transitioning to sulphide zone at 30 m) and hole NBRC020 intersected multiple zones including 1.14 g/t Au over 9.0 m from 51 m to 60 m, 0.94 g/t Au over 29.0 m from 73 m to 102 m, and 1.18 g/t Au over 10.0 m from 110 m to 120 m (sulphide zones). These results highlight 8 holes targeting the Nyam Gold Deposit. These drill intercepts include gold bearing intervals within the upper portions of the unoxidized primary gold mineralization as well as near surface oxide mineralization. Drill hole NBRC017 intersected a wide zone of gold mineralization (45 m grading 1.38 g/t Au from 8 m to 53 m) which expands the potential of the Nyam Deposit to the south. The interval also contains a higher-grade subinterval (6 m grading 6.25 g/t Au from 47 m to 53 m) which highlights the potential for higher grade zones at Nyam.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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On December 15, 2020, the Company announced drill results that intersected 2.35 g/t Au over 11.0 m from 99 m, as well as 4.71 g/t Au over 6.0 m from 34 m, at the KwakyeKrom Gold Target ("KwakyeKrom") at Enchi.

On January 7, 2021, the Company announced drill results that intersected 1.27 g/t Au over 27.0m from 27 m at the Boin at Enchi, with results extending Boin along strike. There were also positive metallurgical results from bottle roll tests completed on the Boin and Sewum Gold Deposits, with a total of 49 oxide samples achieving an average gold recovery of 89.4%.

On January 27, 2021, the Company announced drill results from the KwakyeKrom located 8 km north-east of the Sewum deposit, with hole KKRC028 intersecting 1.43 g/t Au over 26.0 m from 111 m, including 3.31 g/t Au over 9.0 m from 115 m.

On February 17, 2021, the Company announced results from drilling at KwakyeKrom, including 0.79 g/t Au over 53.0 m from surface. These results extended the strike extent at KwakyeKrom to 650 metres, remaining open in both directions.

On March 22, 2021, the Company announced that drilling has intersected 1.57 g/t Au over 40.0 m from 179 m, including 5.40 g/t Au over 9.0 m from 185 m, and 1.94 g/t Au over 25.0 m from 222 m, including 5.78 g/t Au over 7.0 m from 227 m, at the Nyam Gold Deposit ("Nyam"). All holes intersected gold mineralization outside of the current resource, extending the mineralization both at depth and along strike with mineralization remaining open in both directions. These results also include the deepest intersections of mineralization drilled to date at Nyam, with mineralization now defined to a vertical depth of 200 metres and the strike length of the mineralization extended to 1.8 kilometres.

On April 13, 2021, the Company announced drilling at Boin has intersected 0.85 g/t Au over 67.0 m from 137 m, including 2.95 g/t Au over 9.0 m from 137 m, and 1.14 g/t Au over 36.0 m from 119 m, including 1.72 g/t Au over 18.0 m from 124 m.

On April 28, 2021, the Company announced drilling at the Kojina Hill Gold Target ("Kojina Hill") intersecting 0.79 grams per tonne gold ("g/t Au") over 59.0 metres ("m") from 61 m, including 3.03 g/t Au over 10.0 m from 80 m.

To date, a total of 40,549 metres in 255 holes has been completed as part of the on-going drill program, with results received and announced for 180 holes representing 28,845 metres. Newcore's 66,000 metre discovery and resource expansion drilling program at Enchi will focus on three main objectives: 1) drilling extensions to the Boin, Nyam and Sewum resource zones; 2) drilling previously drilled zones that are outside of current resources including Kojina Hill, KwakyeKrom and Eradi; and 3) first pass discovery drilling to test a series of kilometre-scale gold-in-soil and geophysical anomalous zones with no prior drilling.

Newcore is committed to best practice standards for all exploration, sampling and drilling activities. Drilling was completed by an independent drilling firm using industry standard RC and diamond drill equipment. Analytical quality assurance and quality control procedures include the systematic insertion of blanks, standards and duplicates into the sample strings. Samples are placed in sealed bags and shipped directly to Intertek Labs located in Tarkwa, Ghana for 50 gram gold fire assay.

Mr. Gregory Smith, P.Geo, Vice President of Exploration of Newcore, is a Qualified Person as defined by NI 43-101, and has reviewed and approved the technical data and information contained in this MD&A. Mr. Smith has verified the technical and scientific data disclosed herein and has conducted appropriate verification on the underlying data including confirmation of the drillhole data files against the original drillhole logs and assay certificates.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

**Summary of Quarterly Results**

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

	Revenue		Net loss		Loss per share	
December 31, 2020 <sup>(1)</sup>	\$	Nil	\$	1,275,118	\$	0.01
September 30, 2020 <sup>(1)</sup>	\$	Nil	\$	694,020	\$	0.01
June 30, 2020	\$	Nil	\$	195,691	\$	0.00
March 31, 2020	\$	Nil	\$	47,159	\$	0.00
December 31, 2019	\$	Nil	\$	48,301	\$	0.00
September 30, 2019	\$	Nil	\$	49,366	\$	0.00
June 30, 2019	\$	Nil	\$	113,305	\$	0.00
March 31, 2019	\$	Nil	\$	59,683	\$	0.00

The increase in net loss in quarter ended September 30, 2020 was the result of increased level of activity resulting in higher management fees, share-based compensation and shareholder relations, marketing and conferences expenses.

The increase in net loss in quarter ended December 31, 2020 was the result of increased corporate staffing and level of activity resulting in higher management fees, share-based compensation and shareholder relations, marketing and conferences expenses.

<sup>(1)</sup>See discussion under "Results of Operations" above.

**Selected Annual Information**

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's consolidated financial statements and related costs for the years ended December 31, 2018 to December 31, 2020.

	December 31, 2020		December 31, 2019		December 31, 2018	
Total revenues	\$	Nil	\$	Nil	\$	Nil
Net loss	\$	2,211,988	\$	270,655	\$	516,962
Comprehensive loss (income)	\$	2,632,290	\$	802,497	\$	(403,564)
Loss per share - basic and diluted	\$	0.03	\$	0.00	\$	0.01
Total assets	\$	31,112,920	\$	14,652,641	\$	15,231,689
Total liabilities	\$	1,582,841	\$	398,701	\$	175,251
Total shareholders' equity	\$	29,540,079	\$	14,253,941	\$	15,056,438

**Liquidity**

The Company currently has no operating revenues and relies primarily on equity financing. Based on management's cash flow projects, the Company has sufficient working capital for at least the next 12 months. The Company's cash which is held as cash deposits and short-term investment are available on demand to fund the Company's short-term financial obligations. As at December 31, 2020, the Company had a working capital of \$11,973,259. For the year ended December 31, 2020, cash outflows from operating activities totalled \$1,364,651 (2019: outflows of \$282,900).

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

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**Transactions with Related Parties**

Trading transactions

During the year ended December 31, 2020, Park Road Capital Corp. (the "Borrower"), a corporation controlled by the Company's CEO and President, and the Company executed a loan agreement whereby the Company agreed to lend \$150,000 to the Borrower (the "Loan"). The Loan is part of the total compensation package of the Company's CEO and President. The interest free Loan is to be repaid in full by the Borrower before May 19, 2022. During the year ended December 31, 2020, the Borrower repaid \$43,750 of the Loan.

During the year ending December 31, 2020, the Company paid or accrued \$nil (2019 - \$7,653) for office rent to a related company.

Compensation of key management personnel

Key management personnel include directors and officers that provide management and consulting services to the Company. Remuneration of key management personnel during the year ended December 31 was as follows:

	2020	2019
Short-term salaries and benefits	\$ 129,652	\$ -
Share-based compensation	745,928	-
Consulting fees paid to key management	575,055	110,625
	<u>\$ 1,450,635</u>	<u>\$ 110,625</u>

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**Proposed Transactions**

None.

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**Critical Accounting Estimates and Change in Accounting Policies including Initial Adoption**

The significant accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in the Note 2 of the Company's 2020 audited consolidated financial statements. Critical accounting estimates remain the same as disclosed in the 2020 audited annual consolidated financial statements.

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**Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, receivables, short-term investment, loan receivable, and trade and other payables. The Company determines the classification of financial assets at initial recognition. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. All of the Company's

**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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financial instruments are held at amortized cost. Financial instruments held at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition such financial instruments are measured at amortized cost using the effective interest method.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is relatively low. Cash and short-term investment are held through a large national financial institution. Note 7 of the Company's consolidated financial statements contain additional disclosures on the Company's financial instruments.

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### **Outstanding Share Capital**

The following describes the outstanding share data of the Company as at April 28, 2021.

	<b>Number Outstanding</b>
Common shares	98,995,048
Options to purchase common shares	9,399,999
Restricted share units	1,150,000
Performance share units	400,000

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### **Risk Factors**

The operations of the Company are speculative due to the high-risk nature of its business, which includes the acquisition, financing, exploration, development, and operation of mining properties. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

#### Coronavirus (COVID-19)

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). We continue to operate our business and move our exploration plans forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations, including the duration and



**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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impact on our future exploration plans, cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on our business, results of operations, financial position and cash flows in 2021.

*Estimation of Mineralization, Resources and Reserves*

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. In addition, the value of reserves and mineralization may vary depending on commodity prices. Any material change in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a project. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production.

*Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's activities and profitability.

*Title Matters*

Any changes in the laws of Ghana relating to mining could materially affect the rights and title to the interests held there by the Company. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

*Competition*

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

*Funding Requirements*

Mining exploration and development involves financial risk and capital investment. The continuance of the Company's development and exploration activities and its growth through the acquisition of exploration, development or production assets depend upon the Company's ability to generate positive cash flows, private and public equity

financing, debt and/or other means. There is no assurance that the Company will be successful in obtaining additional financing on a timely basis or continue to generate positive cash flows.

*Uninsured Risks*

The mining business is subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company maintains insurance against certain risks associated with its business in amounts that it believes to be reasonable. Such insurance, however,

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**  
(Expressed in Canadian Dollars)

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contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting claim.

Foreign Operations

Operations, development and exploration activities carried out by the Company are or may be affected to varying degrees by taxes and government regulations relating to such matters as environmental protection, land use, water use, health, safety, labour, restrictions on production, price controls, currency remittance, maintenance of mineral rights, mineral tenure, and expropriation of property. There is no assurance that future changes in taxes or such regulation in the various jurisdictions in which the Company operates will not adversely affect the Company's operations. Industrial disruptions, work stoppages and accidents in the course of the Company's operations can result in future production losses and delays, which may adversely affect future profitability. The Company currently holds assets in Ghana. Although the operating environment in Ghana is considered favorable compared to that in other developing countries, with various government incentives offered to attract international investment into Ghana, there are still political risks. The risks include, but are not limited to, terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation and labor unrest.

Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, maintenance of claims, environmental legislation, expropriation of property, land use, land claims of local people, water use and safety. The effect of these factors cannot be accurately predicted.

Exploration and Development Risks

The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties that even a combination of careful evaluation, experience and knowledge may not eliminate. There is no certainty that the expenditures made or to be made by the Company in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of mineralized materials in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable deposits. While discovery of a base metal or precious metal bearing structure may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that exploration programs carried out by the Company will result in profitable commercial mining operations.

The Company's operations are subject to all of the hazards and risks normally incident to mineral exploration, mine development and operation, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The Company's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards such as unusual or unexpected formations, pressures or other conditions may also be encountered.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and, if warranted, commencement of production on properties in which it has an interest, require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. However, there can be no assurance that all permits which the Company may require for the conduct of

**Management's Discussion and Analysis  
For the Year Ended December 31, 2020**

(Expressed in Canadian Dollars)

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mineral exploration and development can be obtained or maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any such mineral exploration or development which the Company might undertake. Amendments to current laws, regulations and permits governing operations and activities of mineral exploration companies, or more stringent interpretation, implementation or enforcement thereof, could have a material adverse impact on the Company.

*Hedging and Foreign Exchange*

While hedging of commodity prices and exchange and interest rates is possible, there is no guarantee that appropriate hedging will be available at an acceptable cost should the Company choose or need to enter into these types of transactions.

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**Internal Controls and Disclosure Controls over Financial Reporting**

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is required to file basic certificates, which it has done for the year ended December 31, 2020. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2020.

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**Outlook**

The Company commenced its 58,000-metre drilling program at the Enchi Gold Project in August 2020. The drilling program has continued into 2021 and will follow-up on previously drilled zones, first pass drilling on defined targets and test extensions of existing deposits.

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