



1911 Gold Corporation

# Management Discussion and Analysis

(Expressed in thousands of Canadian dollars)

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**For the year ended December 31, 2020**





This Management Discussion and Analysis (“MD&A”) is an overview of all material information about the operations, liquidity and capital resources of 1911 Gold Corporation (the “Company” or “1911 Gold”) for the year ended December 31, 2020. The MD&A was prepared as of April 28, 2021 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2020 and 2019, and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). In this MD&A, references to grams per tonne and ounces per ton will be shown as g/t and oz/t. Additional abbreviations that may be used include metres (“m”) and tons per day (“tpd”). All references to ounces refer to gold ounces unless otherwise specified. All dollar figures are in Canadian unless otherwise stated.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein. The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “AUMB” and in the United States on the OTCQX under the stock symbol “AUMBF”. Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website [www.1911gold.com](http://www.1911gold.com).

## OVERVIEW

1911 Gold is a junior explorer and producer that holds a highly prospective, consolidated land package totalling 55,567 hectares within and adjacent to the Archean Rice Lake greenstone belt in Manitoba, and also owns the True North mine and mill complex at Bissett, Manitoba, where it is reprocessing historic tailings on a seasonal basis. 1911 Gold believes its land package provides a prime exploration opportunity, with potential to develop a mining district centered on the True North complex. The Company also owns the Tully and Denton-Keefer projects near Timmins, Ontario, as well as the Apex property near Snow Lake, Manitoba. The Company intends to focus on both organic growth opportunities and accretive acquisition opportunities in North America.

## HIGHLIGHTS

- During Q1 of 2020, the Company completed 8,086 metres of first pass exploration drilling to test 7 targets at the Tinney and Bidou projects, both located on the Central Manitoba property, approximately 30 kilometres southeast of the True North complex. Drilling was primarily designed to confirm and delineate structure, however the results also confirmed the widespread presence of gold, with 27 of 28 drill holes yielding gold intercepts. This property, largely fragmented until the acquisition of Bison Gold Resources in 2017, has had minimal drilling outside of historic mines and showings, and almost no drilling along major structures identified by the Company’s exploration model. Key highlights include:

### Tinney Project Area:

- Drillhole TS-20-003 intersected a shear-hosted quartz vein with visible gold at the previously-untested Tinney Shear target, yielding 26.4 g/t Au over 2.0 metres, including 50.9 g/t Au over 1.0 metres. A second drillhole, TS-20-006, returned 2.3 g/t Au over 3.7 m, including 13.9 g/t Au over 0.5 m; this drillhole was collared on the Tinney Shear target 50 m southeast of drillhole TS-20-003,
- Drillhole CG-20-001 intersected gold mineralization associated with shear-hosted quartz veins at the previously untested Cougar target, highlighted by 9.3 g/t Au over 2.6 metres (including 18.8 g/t Au over 1.1 metres).
- Drillhole EO-20-002, collared 300 metres north-northwest of CG-20-001 to test a series of structures in the footwall of the Cougar target, intersected a visible gold-bearing stockwork-breccia vein system, returning 4.3 g/t Au over 4.0 m, including 6.2 g/t Au over 2.6 m and 28.3 g/t Au over 0.5 m;



## Bidou Project Area:

- Drillhole BL-20-002 intersected several zones of gold mineralization associated with shear and extension veins at the Bidou South target, highlighted by 2.2 g/t Au over 12.2 metres (including 3.7 g/t Au over 3.1 metres and 10.7 g/t Au over 0.8 metres).
  - Drillhole JT-20-003, collared to test an east-west structure at the previously untested Janet target, returned 2.4 g/t Au over 5.3 metres; the four drillholes completed on this target over a strike length of 300 metres all intersected several gold-bearing structures
- During Q2 and Q3 of 2020, the Company carried out fieldwork in seven project areas, including detailed mapping, prospecting, outcrop stripping, channel sampling and surficial geochemistry, to define new drill targets and to further advance the Tinney and Bidou projects in preparation for follow up drilling. Highlights from fieldwork were as follows:
- 858.2 g/t gold from the newly discovered Woodchuck target and 97.6 g/t from the Lemming target, both within the Bidou project area, along kilometre-scale structures previously untested by drilling.
  - 251.8 g/t gold and 250.2 g/t gold from two targets on the Gold Horse project, within a 3.5 km structural corridor with numerous high-grade showings identified by grab sampling, and previously tested by only localized, close-spaced drilling.
  - 169.9 g/t gold from shear-hosted veins on the Smoky South target at Wallace Lake, in rocks equivalent in age and chemistry to the prolific Balmer assemblage in the world-class Red Lake gold camp.
- The Company delayed the start up of the 2020 field exploration program and tailings reprocessing season to mitigate the risk of a novel coronavirus outbreak in March and April 2020. In May, after observing a significant reduction in COVID-19 cases in Manitoba, the Company began returning personnel to site after implementing a number of physical distancing protocols as well as an enhanced sanitation program.
- On July 14, 2020 the Company completed a private placement by issuing 8,200,000 flow-through common shares for gross proceeds of \$5,208. The flow-through shares were issued in two tranches with tranche one consisting of 4,275,000 flow-through shares (the "Premium FT Shares") issued to purchasers resident in Manitoba at a price of \$0.75 per Premium FT Share for aggregate gross proceeds of \$3,206 and tranche two consisting of 3,925,000 flow-through shares (the "National FT Shares") issued to purchasers resident outside of Manitoba at a price of \$0.51 per National FT Share for aggregate gross proceeds of \$2,001.
- On November 1, 2020, the Company initiated an 18,000 metre drill program on the Rice Lake exploration properties, including follow up drilling of six targets at the Tinney and Bidou projects, and first pass drilling of eight new targets identified from fieldwork in 2019 and 2020 at Tinney and Bidou, as well as three other project areas.
- On November 4, 2020, the Company temporarily suspended all operations after two on-site employees were identified as close contacts to an off-site positive case and subsequently tested positive, after being removed from site as per the Company's COVID-19 policies. The Company recommenced exploration drilling on November 11, 2020 and returned operational personnel to site to restart tailings operations on November 13, 2020 after it was determined that no further cases were present and additional sanitation of the facilities had been completed. These actions were taken in consultation with Provincial Health personnel.



## FINANCIAL AND OPERATION SUMMARY

Year ended December 31	2020	2019	2018
<b>Financial Results (in thousands)</b>			
Revenue	\$ 10,768	\$ 12,280	\$ 17,993
Cost of sales:			
Production costs	8,817	13,014	24,500
Depreciation and depletion	2,460	3,796	4,855
Write-down of production inventories	–	–	4,025
<b>Total Cost of Sales</b>	<b>11,277</b>	<b>16,810</b>	<b>33,380</b>
General and Administrative Costs	2,485	1,719	1,426
Exploration expense	4,082	2,322	526
Impairment of mineral properties	–	–	9,674
Other (income) expenses	(980)	(736)	6,095
Income tax expense	5	–	–
<b>Net Loss and Comprehensive loss</b>	<b>\$ (6,101)</b>	<b>\$ (7,835)</b>	<b>\$ (33,108)</b>
<b>Operating Results</b>			
Gold ounces shipped	4,746	5,653	9,183
Gold ounces sold	4,175	6,277	10,814
<b>Per Ounce Data</b>			
Average realized price	\$ 2,514	\$ 1,950	\$ 1,631
Cash cost of operations per ounce sold <sup>(1)</sup>	2,112	1,880	2,603
All in sustaining costs per ounce sold <sup>(1)</sup>	2,722	2,168	2,762
<b>Per Share Data</b>			
Basic and diluted loss per share	\$ (0.15)	\$ (0.22)	\$ (1.19)
Weighted average common shares outstanding	42,007,242	36,247,978	27,795,432
<b>Balance as of</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>	
<b>Financial Position (in thousands)</b>			
Cash and cash equivalents	\$ 10,029	\$ 9,630	\$ 5,971
Total assets	47,621	48,381	52,284
Total liabilities	5,969	4,822	3,956
Shareholder equity	41,652	43,559	48,328

[1] This is a non-IFRS measure; refer to the Non-IFRS Performance Measures section of this MD&A for additional detail. As a result of the shutdown for the first 116 days of 2019 and the first 141 days of 2020 (extended in 2020 to reduce risk from the initial outbreak of COVID-19), the cash costs include a significant amount of cost unrelated to the cost of production. 2020 results were also impacted by an additional 9 shutdown days in November as a result of the two positive COVID-19 cases.

## TAILINGS OPERATIONS

The Company recommenced tailings operations on May 21, 2020, delayed due to the reduction of onsite personnel initiated on March 23, 2020 at the True North complex in response to the increased risk of COVID-19 outbreak within Manitoba. The operations averaged 1,181 tpd at an average grade of 0.9 g/t gold during the 190 operating days in 2020, compared with 1,182 tpd at an average grade of 1.0 g/t gold over the comparable 188 operating days in 2019. In 2019 the Company operated at a reduced tonnage rate in May through June in order to manage water levels with higher-than-normal spring runoff into the tailings facilities and while the Company completed installation of a booster pump to improve output to the new tailings facility. Operations were also suspended early, on October 31, 2019, due to heavier-than-normal rainfall and early onset of freezing temperatures.





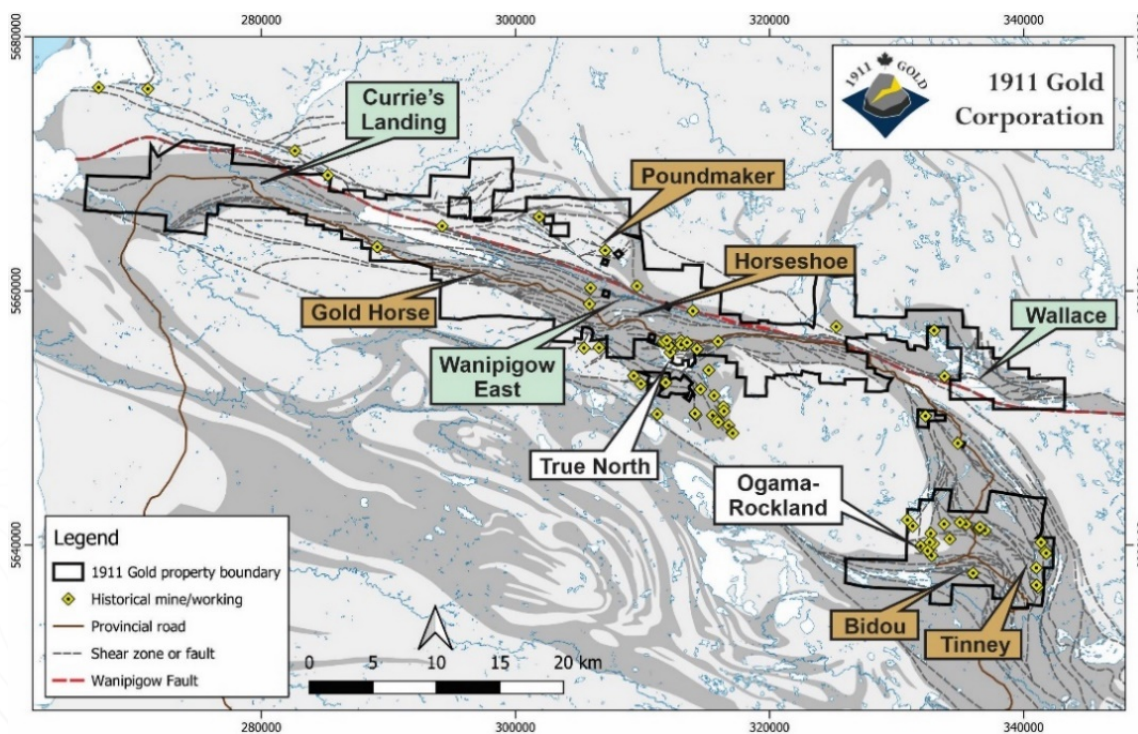
## EXPLORATION

The Company holds strategic exploration properties in Tier 1 mining districts in Manitoba and Ontario, Canada – areas with proven potential for world-class gold deposits – and is focused on advancing these assets to create long-term value for our shareholders.

The Rice Lake exploration properties, totaling 55,567 hectares, cover the most prospective portions of the Rice Lake greenstone belt, part of the same belt of greenstones that includes the world-class, high-grade Red Lake gold district, located approximately 100 kilometres to the east in Ontario. The Rice Lake belt is bound to the north along much of its length by the crustal-scale Wanipigow Fault, which also extends to Red Lake and is considered to represent a first-order control on gold mineralization, comparable in scale to the Porcupine-Destor Fault in the world-class Timmins-Porcupine Gold Camp. The Company’s consolidated land position – the largest ever assembled in the belt – provides an unprecedented opportunity to evaluate this under-explored district at belt-scale, utilizing modern exploration methods.

During 2020, the Company’s exploration program focused on the Tinney and Bidou project areas located on the Central Manitoba property, and continued to advance other project areas in the Company’s Rice Lake portfolio. The exploration program included Phase I exploration drilling, completed in March 2020, followed by the 2020 field exploration program from April to September 2020, and Phase II exploration drilling, which commenced on November 1, 2020.

**Figure 1: Exploration projects initiated in 2019 (brown) and 2020 (green), in relation to gold deposits with published historical mineral resources (white).**



### Phase I Exploration Drilling Program results

In Q4 2019 and Q1 2020, the Company successfully completed the Phase I exploration drilling program at two priority project areas, Tinney and Bidou. The Phase I program tested seven targets within these areas and consisted of 28 diamond drillholes (NQ), for a total of 8,086 metres, completed between November 7, 2019 and March 22, 2020.



## Tinney project

The geology of the Tinney project consists of a thick sequence of iron-rich basalt flows, gabbro sills and siliceous sedimentary units, cut by felsic porphyry intrusions, and occupying the hinge of the regional-scale fold (Beresford Lake anticline), which is partially dismembered by faults and shears. The largest felsic porphyry intrusion, the Gunnar porphyry, cuts favourable stratigraphy for 2.5 kilometres along strike and represents a highly prospective setting for vein emplacement, analogous to the 10-million-ounce Sigma–Lamaque deposit in the Val-d’Or camp of the Abitibi greenstone belt in Quebec, Canada. The southern extent of this porphyry hosts the historic Gunnar deposit, which produced approximately 100,000 ounces of gold between 1936 and 1941, from ore grading approximately 12 g/t Au.

During the Phase I exploration drilling program, the Company spent \$522 testing three targets at the Tinney project. These targets, referred to as Tinney Shear, Cougar and Edna-Otter, are arranged along the northern extent of the Gunnar porphyry over a strike length of 1.3 kilometres. This drilling returned several significant gold intercepts, including localized high-grade gold, from each of the targets. Highlights from this first pass drilling include:

- Drillhole TS-20-003 intersected a shear-hosted quartz vein with visible gold at the Tinney Shear target, yielding 26.4 g/t Au over 2.0 m, including 50.9 g/t Au over 1.0 m; and
- Drillhole TS-20-004, collared 290 m along strike from TS-20-003 on the Tinney Shear, intersected multiple zones of gold mineralization, highlighted by a shear-hosted vein with visible gold in strongly altered felsic porphyry, which yielded 43.3 g/t Au over 0.7 m;
- Drilling at the Cougar target intersected gold mineralization associated with shear-hosted quartz veins in two drillholes, highlighted by 9.3 g/t Au over 2.6 m (including 18.8 g/t Au over 1.1 m) in drillhole CG-20-001, and 37.7 g/t Au over 0.5 m in drillhole CG-20-002;
- Four drillholes completed on the previously untested Edna-Otter target returned multiple zones of gold mineralization, highlighted by a visible gold-bearing stockwork-breccia vein system hosted by felsic porphyry, which returned 4.3 g/t Au over 4.0 metres in drillhole EO-20-002, including 6.2 g/t Au over 2.6 metres and 28.3 g/t Au over 0.5 metre.

Drilling confirmed the presence of favourable structures and alteration, quartz vein systems, and helped to define the geometry of the Gunnar porphyry dike, which is a key host-unit that trends through each of the drilled targets. The intensity of veining and alteration within the Gunnar porphyry at the Edna-Otter target, in particular, indicates that it served as a significant conduit for hydrothermal fluids, confirming the potential of this system and providing considerable scope for follow up drilling.

### *Phase II Drilling Update*

Drilling in Q4 2020 at the Tinney project was limited to the Bermuda target due to incomplete freeze-up of drill access trails into the Edna-Otter, Cougar and Tinney Shear targets. First-pass drilling at Bermuda consisted of 2 drillholes for 361 metres, testing a kilometres-long structure on the southern limb of a large-scale fold that returned numerous gold values from surface sampling. These two drillholes intersected wide zones of intense shearing and alteration, with localized quartz vein systems associated with deformed felsic porphyry dikes, yielding up to 3.2 g/t Au over 1.5 metres (news release dated March 2, 2021).

Follow-up drilling of the Edna-Otter, Cougar and Tinney Shear targets, totaling 6,538 metres in 20 drillholes, was completed after freeze up in Q1 2021, with results from the initial drillholes released on March 24, 2021, highlighted by drillhole EO-21-005, which returned two significant intercepts, including 8.1 g/t Au over 5.7 metres from the Gunnar porphyry, followed downhole by 11.3 g/t Au over 1.6 metres from basalt host rocks to the porphyry.



## Bidou project

The Bidou project area demonstrates stratigraphic and structural similarities to the 3-million-ounce True North deposit on the opposite (northwest) margin of the Ross River pluton yet has seen only limited previous exploration and drilling. At Bidou, a series of kilometre-scale structures, interpreted from aeromagnetic and LiDAR data, trend east or northeast through a sequence of basalt flows, gabbro sills, sedimentary rocks and felsic porphyry dikes. Where exposed in outcrop, these structures are similar in orientation, deformation style and sense of movement to the prolific '16-type' structures that hosted high-grade ore at True North.

During the Phase I exploration drilling program, the Company spent \$647 testing four targets in the Bidou project area: the Bidou Shear, Bidou South, Janet and Midway targets. This drilling returned significant gold values on each of the targets, including localized high-grade gold and strongly-anomalous to low-grade gold mineralization over significant widths, particularly at the Bidou South target. Each target shows favourable width and continuity of structure, alteration and mineralization, confirming the structural model and providing considerable scope for follow-up drilling along strike and to depth. Highlights from the Phase I program include:

- Drillhole BL-20-002 at the Bidou South target, a target area associated with shear and extension veins in a strongly sulphidized gabbro, intersected several zones of gold mineralization, highlighted by 2.2 g/t Au over 12.2 m (including 3.7 g/t Au over 3.0 m and 10.7 g/t Au over 0.8 m); and
- Drillhole JT-20-003, collared to test an east-west structure at the previously untested Janet target, returned 2.4 g/t Au over 5.3 metres; the four drillholes completed on this target all intersected several gold-bearing structures, over a strike length of 300 metres

## Phase II Drilling Update

Drilling prior to freeze-up in Q4 2020 at the Bidou project included follow up drilling of the Bidou South, Bidou Shear and Janet targets, totaling 2,956 metres in 10 drillholes, as well as first-pass drilling of 2 drillholes totalling 403 metres on the newly discovered Woodchuck target. Highlights from this drilling (news releases dated January 18 and March 2, 2021) include:

- Drillhole BL-20-005 returned 6.0 g/t Au over 3.3 metres, including 8.0 g/t Au over 1.5 metres, from the Bidou South target, followed 10 metres downhole by a second intercept of 1.7 g/t Au over 4.4 metres – indicating parallel zones of gold mineralization in this location
- At the Bidou Shear target, drillhole BS-20-004 intersected stockwork quartz veins and strong alteration over a core length of 10 metres, returning 4.7 g/t Au over 2.3 metres, including 15.1 g/t Au over 0.5 metres
- At Woodchuck, drillhole WC-20-001 returned 2.3 g/t Au over 3.3 metres, including 6.1 g/t Au over 0.6 metres from stockwork quartz-tourmaline veins associated with structures cutting felsic porphyry intrusions.
- At Janet, four drillholes yielded numerous intercepts, including localized high-grade gold associated with quartz-tourmaline veins, and wider zones of pervasive alteration, yielding up to 0.65 g/t Au over 11.2 metres in drillhole JT-20-006

Follow-up drilling after freeze up on the Bidou South and Janet targets, including lake-based drilling at the latter, was completed in Q1 2021, with 2,753 metres of drilling in 9 drillholes. One additional first pass drillhole on the Woodchuck target, totalling 200 metres, was also completed after freeze up in Q1 2021. The assay results from these drillholes, once received, will be combined with the existing data to plan for future drilling in these target areas.





## 2020 Field Exploration Program

Field crews were mobilized to the True North site at Bissett, Manitoba, starting April 28, 2020, in advance of the 2020 field exploration program. This mobilization occurred in stages over several weeks, with strict adherence to comprehensive policies implemented by the Company to mitigate the spread of COVID-19, based on guidelines provided by federal and provincial public health officials.

Priority project areas for the 2020 field exploration program—Bidou and Tinney—were advanced significantly and continued to yield exciting new results. In addition, field crews identified and refined targets at the Poundmaker, Gold Horse and Horseshoe projects. The exploration program included geological mapping, outcrop stripping, detailed mapping, channel sampling and surficial geochemistry, all underpinned by high-resolution aeromagnetic and LiDAR datasets. Field crews also initiated exploration at the Currie's Landing, Wallace Lake and Wanipigow East projects (Figure 1), each of which is located along the crustal-scale Wanipigow Fault and was identified on the basis of geological similarities to other major Archean gold deposits as follows:

- Currie's Landing: analogous structural setting to the 3-million-ounce True North Gold Deposit at Bissett; second and third-order, southwest-trending splay structures off the Wanipigow Fault
- Wallace Lake: correlative rocks to the prolific Balmer assemblage in the 30-million-ounce Red Lake Gold Camp; second and third-order splay structures off the Wanipigow Fault
- Wanipigow East: analogous structural setting to the 4-million-ounce Meliadine Gold Deposit in Nunavut; sheared and folded iron formation along the crustal-scale Wanipigow Fault

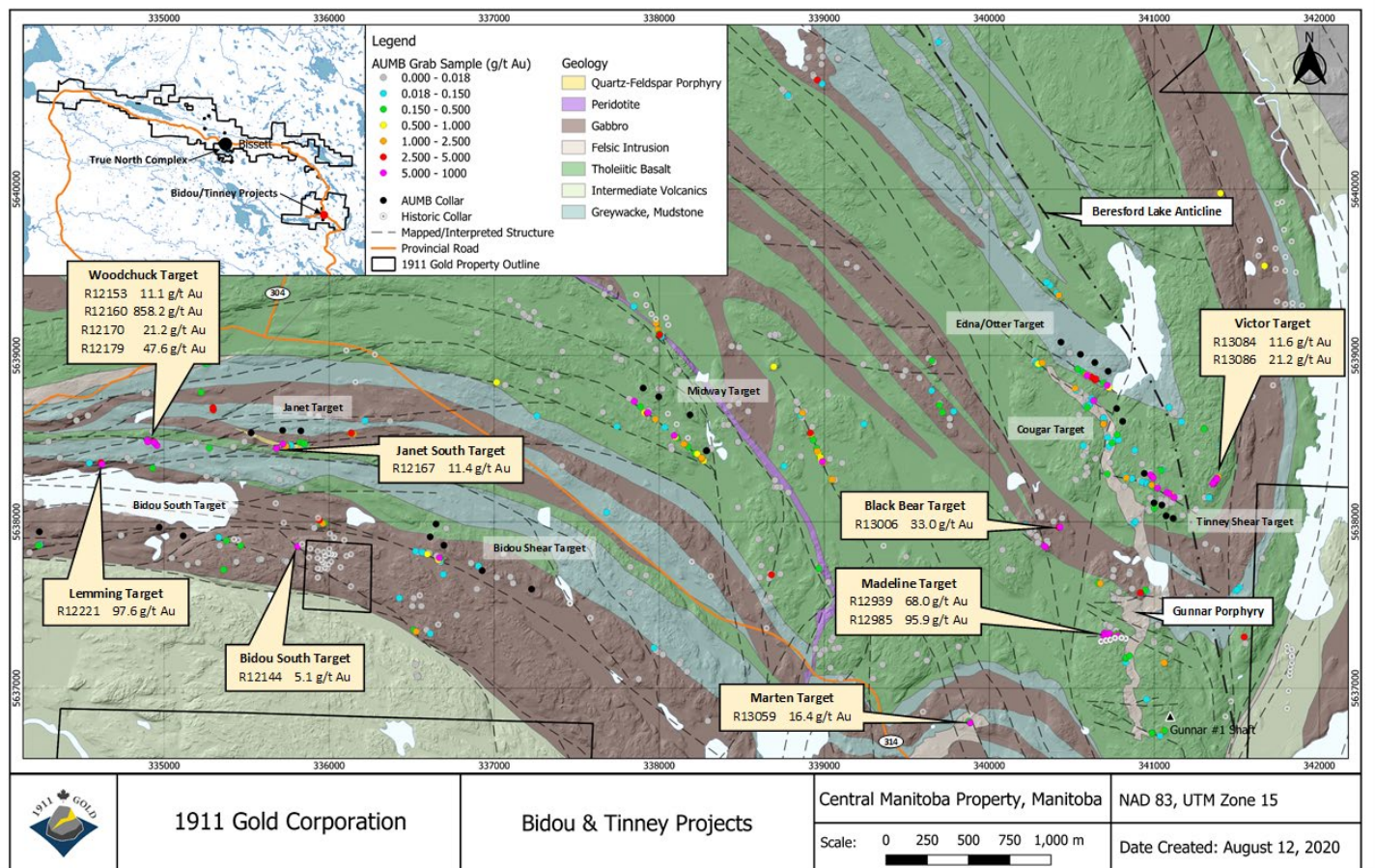
Assay results from samples collected during mapping and prospecting in the early portion of the 2020 field exploration program, reported on August 17, 2020 (Table 3), indicate significant potential within kilometres-scale structural targets in several project areas, including several areas with high-grade gold mineralization exposed on surface.

The 'Woodchuck' target (Figure 2), in particular, is an exciting new discovery made during detailed mapping and prospecting west of the Janet target. This target occurs on the margin of a drift-covered bedrock lineament interpreted from aeromagnetic and LiDAR data to represent an east-northeast trending shear, with no record or evidence of previous work. This structure parallels the Janet structure, located 200 m to the south. Quartz-tourmaline veins at Woodchuck are hosted by felsic porphyry and define a stockwork with local pyrite, chalcopyrite and coarse visible gold. The stockwork transitions into tourmaline-matrix breccia towards the footwall. Grab samples returned numerous high-grade gold values, including up to 858.2 g/t Au from shear veins, 21.2 g/t Au from extension veins, and 47.6 g/t Au from breccia veins (Table 3). Hand stripping and detailed mapping were completed on available outcrops, as well as limited channel sampling of suitably oriented outcrop surfaces (generally yielding anomalous gold values), followed up by surficial geochemistry. Although initial drilling in Q4 2020 and Q1 2021 failed to yield high-grade gold values, this structure is interpreted to extend for several kilometres along strike in both directions, with no record of previous drilling, and thus remains a compelling exploration target.

In Q4 2020, the Company completed a very high-resolution drone-based aeromagnetic survey over the most prospective portions of this project area to further inform drill targeting.



**Figure 2: Detailed geology map of the Bidou and Tinney project areas, showing targets tested in the Phase I exploration drilling program, newly identified targets (yellow callouts), and major known or inferred structures.**



Fieldwork at Tinney focused on kilometre-scale structures in the core and southern limb of the Beresford Lake anticline, along the trend and to the west of the Gunnar porphyry, thus expanding the mapping, prospecting and surficial geochemistry coverage to the south and west of the area worked in 2019. Grab sampling of shear veins in historical prospect pits returned localized high-grade gold in multiple structures (Figure 2), including 32.98 g/t Au from the Black Bear vein, 16.35 g/t Au from the Marten vein, 95.93 g/t Au from the Madeline vein, and 21.22 g/t Au from the Victor vein (Table 3). These results were followed up with outcrop stripping, mapping and surficial geochemistry to define drill targets within these structural trends.

In addition, the Company continued to receive strongly encouraging results from ongoing fieldwork on projects elsewhere within the Rice Lake district. At both the Gold Horse and Poundmaker projects (Figure 1), geological mapping within granodiorite-tonalite plutons has defined networks of intersecting brittle-ductile shears with local high-grade gold hosted by shear veins (e.g., Osprey, Iron Horse East, Iron Horse West and Eleanor; Table 3). The geometry, style and sense of movement of these shears is identical to structures in the True North mine, suggesting they formed in a similar stress field. Surficial geochemistry and 3D modeling of the shear networks are being used to define drill targets within kilometre-scale structural corridors in both project areas. Three targets in the Poundmaker project area were tested with three drillholes each, totalling 1,905 metres, in Phase II drilling in Q4 2020 and Q1 2021, with the first two targets yielding only minor gold intercepts (news releases dated March 2 and March 24, 2021)

At the Wanipigow East project (Figure 1), a geophysical survey completed in March 2020 over tightly folded iron formation within the Wanipigow Fault was successful in defining a large IP chargeability anomaly, and was followed-up during the



2020 field season with detailed ground magnetic, VLF-EM and surficial geochemistry surveys. This work has identified coincident zones of chargeability, conductivity, magnetic depletion and weak gold-in-humus anomalies, representing compelling exploration targets for 'iron formation-hosted' gold. These targets were testing by three drillholes, totalling 1,038 metres, in Q4 2020 and Q1 2021, yielding no significant gold values (news releases dated March 2 and March 24, 2021).

At Wallace Lake (Figure 1), geological mapping and verification sampling of historical showings showed that high-grade gold occurrences are largely concentrated in the hinge and southern limb of a regional-scale fold defined by a sequence of quartzite, iron formation, komatiite and iron-rich basalt that is equivalent in age to the prolific Balmer assemblage in the Red Lake gold camp. Reconnaissance mapping and prospecting identified two areas for follow-up surficial geochemistry, completed during the 2020 field season, to advance this project towards drill targeting. In Q1 2021, the Company completed a very high-resolution drone-based aeromagnetic survey over the most prospective portions of this project area to further inform drill targeting.

The Currie's Landing project is a true greenfield exploration play in the Rice Lake belt, having seen negligible exploration for gold, in part due to limited outcrop in key areas. Reconnaissance mapping and prospecting in 2020 identified anomalous gold in several locations separated by large swaths of no bedrock exposure, suggesting significant, historically overlooked potential. A large fold structure indicated by regional aeromagnetic data was the focus of a high-resolution drone-based aeromagnetic survey flown in Q4 2020, to be followed up by surficial geochemistry and ground geophysics (IP) in the 2021 field season.

**Table 3. Assay highlights from 2020 grab sampling in each of the project areas**

Project	Sample	Easting	Northing	Target/vein	Vein type	True North FA-GRAV (g/t Au)	Actlabs FA-GRAV (g/t Au)	Actlabs FA-MS (g/t Au)
Bidou	R12167	335681	5638441	Janet South*	Extension vein	11.42		
	R12221	334623	5638346	Lemming*	Shear vein	97.58		
	R12144	335808	5637852	Bidou South	Shear vein	5.07		
	R12153	334941	5638478	Woodchuck*	Stockwork veins	11.07	11.30	
	R12160	334908	5638492	Woodchuck*	Stockwork veins	858.21		799.0
	R12170	334957	5638457	Woodchuck*	Extension veins	7.61	21.20	
	R12179	334943	5638478	Woodchuck*	Breccia vein		47.60	
Tinney	R13006	340429	5637968	Black Bear	Shear vein (muck pile)	32.98		
	R13059	339885	5636792	Marten	Shear vein	16.35		
	R12939	340706	5637318	Madeline	Shear vein	67.95		
	R12985	340728	5637329	Madeline	Shear vein (muck pile)	95.93		
	R13084	341363	5638238	Victor	Shear vein	11.62		
	R13086	341363	5638244	Victor	Shear vein (fold hinge)	21.22		
Currie's Landing	R13639	702275	5665281	Unnamed*	Shear veins	0.34		
	R13667	694388	5665288	Unnamed*	Shear vein	0.79		
Gold Horse	R12586	297101	5660681	Eleanor	Shear vein (muck pile)	250.22		
	R12607	299655	5659630	Iron Horse East	Shear vein	75.87		
	R12716	299666	5659622	Iron Horse East	Shear vein	93.22		
	R12603	299079	5659884	Iron Horse West	Shear vein (muck pile)	32.74		
	R12618	299078	5659880	Iron Horse West	Shear vein	251.83		
Poundmaker	R13462	306584	5664135	Osprey	Shear vein	9.74		
	R13464	306586	5664135	Osprey	Shear vein	6.48		



Project	Sample	Easting	Northing	Target/vein	Vein type	True North FA-GRAV (g/t Au)	Actlabs FA-GRAV (g/t Au)	Actlabs FA-MS (g/t Au)
Wallace Lake	R14034	331558	5657909	Crown 10	Shear vein (muck pile)	21.50		
	R13919	331749	5657150	Higrade #1	Shear vein (muck pile)	42.27		
	R13957	331746	5657147	Higrade #1	Shear vein	31.27		
	R13862	332282	5656289	Smoky East	Shear vein	55.54		
	R13866	332028	5655991	Smoky South	Extension vein	6.89		
	R13960	332185	5656028	Smoky South	Shear vein	31.23		
	R13961	332187	5656029	Smoky South	Shear vein	169.85		
	R13873	334916	5655718	Unnamed	Shear vein	27.05		
	R13874	334914	5655718	Unnamed	Shear vein (muck pile)	46.53		

Abbreviations: FA-GRAV, Fire Assay-Gravimetric; FA-MS, Fire Assay-Metallic Screen

Asterisk (\*) following Target/vein name indicates new gold discovery

UTM coordinates for the Currie's Landing project are NAD83, Z14N; all others are NAD83, Z15N

### Timmins properties

The Company holds two highly prospective 100% owned properties in the Timmins-Porcupine Gold Camp of the Abitibi greenstone belt. The properties are located within a 30 kilometre radius of the city of Timmins, Ontario, in the prolific district of the same name – one of the richest goldfields in the world with over 70 million ounces of past gold production from deposits arranged along the crustal-scale Porcupine-Destor Fault.

The Tully property, 458 hectares in area, is located 25 kilometres northeast of Timmins and has areas of mineralization that have been the focus of several drilling campaigns since its discovery in 1969. The mineralization at Tully appears to be located along a major splay of the Porcupine-Destor Fault, referred to as the Pipestone Fault, and is located 2 kilometres southwest of the Bradshaw Gold Project of Gowest Gold Ltd., currently being evaluated for development. The Company is currently evaluating options to advance this project.

The Denton-Keefer property, located 30 kilometres southwest of Timmins, is immediately adjacent to paved highway 101. The property (2,106 hectares in area) covers a 6.5-kilometre-long section of the Abitibi greenstone belt, including a portion of the Porcupine-Destor Fault. It is thus situated in a highly-prospective setting, geologically similar to those hosting supergiant gold deposits in the Timmins-Porcupine Gold Camp, and is strategically positioned between Pan American Silver's Timmins West mine and GFG Resources' Pen Gold exploration project. In early 2020, the Company initiated a comprehensive compilation of available data for both properties in order to guide corporate strategy and future exploration.

In part due to the COVID-19 pandemic, the Company delayed exploration activities on both properties in the Timmins district for 2020 and has been granted an Exclusion of Time for assessment work under Ontario's relief plan relating to COVID-19 (extended in 2021); however, compilations are continuing for both properties in order to guide the design and implementation of future exploration programs.

### Apex property

The 100% owned Apex exploration property is located 15 kilometres southeast of the town of Snow Lake (570 kilometres north of Winnipeg) in north-central Manitoba and consists of 5 mining claims, totaling 752 hectares. The Apex property is situated in the Paleoproterozoic Flin Flon greenstone belt, one of the most prolific mining districts in the world, with world-class gold-rich volcanogenic massive sulphide (VMS) and orogenic gold deposits. The Apex property contains two significant gold occurrences spatially associated with the contact between the Burntwood assemblage and the Rex Lake pluton, with most of the mineralization discovered to date hosted within or adjacent to the outer margin of the pluton. Two distinct styles of mineralization are apparent.





In 2019, the Company completed a small program of geological mapping, prospecting and surficial geochemical surveys (humus and black spruce bark), focused on historical showings on the Apex Property. The Company also completed an inversion of very high-resolution aeromagnetic data acquired by a previous operator, which provides important new information on the geology and structure of the property to depth. Reconnaissance grab samples yielded a number of high-grade gold assays, demonstrating that there is considerable potential for high-grade gold mineralization on the property, comparable to the adjacent Laguna property to the immediate south, on the opposite side of the Crowduck Bay Fault. The Laguna property includes the historic Rex-Laguna gold mine, which produced 60,000 ounces of gold between 1936 and 1940, with an average grade of 16.7 g/t Au, making it the highest-grade gold mine in Manitoba.

In Q1 2021 the Company expanded the Apex property westward by ground staking to cover a major geological/structural contact and completed a 17 line-kilometre IP geophysical survey over the most prospective structural trends on the property to evaluate potential for zones of sulphide mineralization of the type associated with gold mineralization on surface.

## REVIEW OF FINANCIAL RESULTS

During the year ended December 31, 2020, the Company incurred a loss of \$6.1 million compared to a loss of \$7.8 million in 2019, primarily due to a \$4.2 million decrease in production costs, mainly resulting from a full year without underground care and maintenance costs (discontinued in October 2019) and a larger allocation of costs to the ending gold inventory (\$1.8 million in 2020 compared with \$0.2 million in 2019) resulting from an increase in gold ounces in inventory at the end of 2020 (808 ounces in 2020 compared with 180 ounces in 2019). This was offset by a \$1.5 million decrease in gold sales, as the lower average grade processed in 2020 (0.01 g/t lower than 2019) resulted in 907 fewer ounces shipped during the period compared with 2019, with a corresponding decrease in total ounces sold (excluding the 568 ounces remaining on account with Asahi Refining Canada at year-end in 2020 and the 564 ounces related to cleanup and carbon recoveries in 2019).

### Revenue

During the year ended December 31, 2020, the Company sold 4,175 ounces at an average realized price of \$2,514 per ounce for total proceeds of \$10.5 million, as well as received net proceeds of \$0.3 million from 194 ounces recovered from mill cleanup completed in early March. During the same period in 2019, the Company sold 5,807 gold ounces from production (including 94 ounces recovered from Carbon fines) at an average realized price of \$1,950 and an additional 470 ounces recovered from the Q1 2019 mill clean-out, for total proceeds of \$12.3 million. As of December 31, 2020, an additional 568 ounces remained on account and available for sale at Asahi Refining Canada.

### Cost of sales

Cost of sales includes the periods where the mill is on seasonal care and maintenance and, in prior years, the cost of maintaining the underground mine. For the year ended December 31, 2020 the Company incurred \$11.2 million in operating costs, including \$2.5 million of depreciation and depletion, compared with \$16.8 million during the year ended December 31, 2019, including \$3.8 million of depreciation and depletion. The decrease primarily arises from the higher year-end gold inventory balance and the corresponding \$1.6 million increase in costs allocated to this balance when compared with the year ended December 31, 2019. The cessation of ongoing care and maintenance activities for the underground mine on October 5, 2019 also lowered costs in 2020 by \$1.2 million from the same period in 2019. The remaining reduction in costs is a result of lower utility, fuel and propane costs at site (\$1.2 million) in 2020, driven by lower utility rates as well as reduced fuel consumption and heating requirements due to the shortened production season. The Company also received \$0.3 million from the Canadian Emergency Wage Subsidy program for the months of March and April, offsetting operating payroll costs during the year ended December 31, 2020.

The \$1.3 million decrease in depreciation and depletion is primarily a result of equipment dispositions in 2019, reducing the average capital asset balance in the year ended December 31, 2020 compared with the year ended December 31, 2019.





## General and administrative costs

General and administrative costs of \$2.5 million for the year ended December 31, 2020 represented a \$0.8 million increase over 2019. This increase was primarily the result of higher compensation costs (\$0.4 million), including share-based compensation, increased costs related to marketing activities (\$0.2 million) and listing costs associated with the OTCQX (\$0.1 million).

## Other expense

### *Flow through premium recovery*

The Company recognized a flow-through premium recovery of \$0.7 million during the year ended December 31, 2020 from the qualifying Canadian exploration expenses incurred related to the March 5, 2019 private placement and \$0.4 million related to the July 14, 2020 private placement (the year ended December 31, 2019 - \$0.1 million related to the September 19, 2018 and \$0.4 million related to the March 5, 2019 private placements).

## QUARTERLY RESULTS

The following selected financial information is a summary of the eight most recently completed quarters up to December 31, 2020.

Quarter Ended (\$ amounts in '000's)	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019
Gold sold (ounces)	2,140	2,035	-	-	2,711	3,133	370	63
Revenues	\$ 5,277	\$ 5,219	\$ 272	\$ -	\$ 5,320	\$ 6,181	\$ 669	\$ 110
Comprehensive (loss) income	\$ (215)	\$ 526	\$ (2,532)	\$ (3,880)	\$ (1,180)	\$ 1,230	\$ (3,858)	\$ (4,027)

During the first quarter of 2019 the Company continued the seasonal shutdown of the tailings operations, carrying out required maintenance as well as a full clean-out of the mill facilities, recovering 470 ounces for net proceeds of \$0.9 million (received in Q3 2019). The Company also completed aeromagnetic and LiDAR surveys on the Rice Lake properties to combine with historical data and provide complete, levelled datasets. Tailings operations recommenced on April 26, 2019 as well as the first field exploration season on the target areas identified from the mapping and data compilation work. Field exploration was completed in early September and tailings operations were shut down on November 1, 2019 due to the early onset of winter conditions. During the five months of operations True North processed 201,517 tonnes and shipped a total of 5,653 ounces of gold. During Q4 2019 the Company commenced Phase I drilling on key target areas within the Bidou and Tinney project areas, both located within the Central Manitoba property, approximately 30 km southeast of Bissett.

During the first four months of 2020, the Company continued to operate on care and maintenance, completing annual maintenance on the mill facility and surface equipment. This included the cleanup and recovery of residual gold ounces in areas that had not been covered in the 2019 cleanup, providing net proceeds of \$0.3 million from the recovery of 194 ounces of gold. The Company also completed the Phase I drilling program, testing a total of seven target areas with 28 drill holes (8,086 metres). On March 20, 2020, in response to the increasing risk of outbreak of Sars-CoV-2, the Company reduced on site personnel to minimum care and maintenance levels and initiated a work from home policy for all corporate and exploration personnel. A phased return to site was implemented in May, based on the significant reduction in COVID-19 cases within Manitoba, with the 2020 field exploration season commencing on May 1, 2020 and the tailings re-processing season commencing on May 21, 2020.

On November 4, 2020, two employees, previously quarantined, received positive test results for COVID-19. To mitigate the risk of spread the Company suspended all operating and exploration activities for nine days in order to carry out contact tracing and testing as well as complete additional sanitation on all common areas. After recommencing on November 12, 2020, the tailings operations continued until November 27, 2020 before shutting down for the season. During the five months



of operations True North processed 203,642 tonnes and shipped 4,745 ounces of gold. During Q4 2020 the Company also commenced Phase II drilling, with follow up drilling planned on the Bidou and Tinney project areas and first pass drilling planned on three new target areas.

## LIQUIDITY AND CAPITAL RESOURCES

<i>(\$ amounts in '000's)</i>	December 31 2020	December 31 2019
Cash	\$ 10,029	\$ 9,630
Total current assets	13,320	11,478
Total assets	47,621	48,381
Total current liabilities	3,150	2,192
Total liabilities	5,969	4,822
Total equity	41,652	43,559

The Company is currently focused on a district scale exploration program on the Rice Lake properties while continuing to maximize cashflow by re-processing tailings to support the ongoing maintenance costs of True North and the Company's General and Administrative costs. Tailings re-processing operations are seasonal, running primarily from April to November, with startup in 2020 delayed six weeks as the Company reduced onsite personnel to minimize the risk of a Sars-CoV-2 outbreak. During the shutdown period (142 days), the Company carried out annual maintenance in preparation for the 2020 operating season as well as performed enhanced sanitation on all living and working areas at the site. Additional personnel have been added as well to permanently maintain these increased sanitation levels going forward. As a result of the delayed startup of tailings operations, the first shipment of gold from site occurred in July, compared with June in 2019. The Company also completed the 2019/2020 Phase I drilling program in March 2020 and commenced the Phase II drilling program in November 2020, after completing the summer field exploration season in September 2020. The Company spent \$4.1 million on exploration, using the remaining \$2.0 million in cash raised from the 2019 flow-through financing as well as an additional \$2.1 million of the funds raised in the July 2020 flow-through financing.

Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's tailings operations, the amount of exploration planned, future development programs, the ability to obtain equity or other sources of financing, and the price of gold. To date, exploration on the Company's mineral claims in the Rice Lake district has been funded primarily from funds raised in financing activities. This exploration activity is expected to identify additional resources to provide future sources of ore feed for the True North milling facility.

As at December 31, 2020, the Company had cash and cash equivalents of \$10.0 million (December 31, 2019 – \$9.6 million) and working capital of \$10.2 million (December 31, 2019 – \$9.3 million). Cash utilized in operating activities during the year ended December 31, 2020 was \$4.4 million, including changes in working capital (December 31, 2019 - \$2.9 million), mostly for exploration expenses. Cash used in investing activities during the year ended December 31, 2020 was \$0.1 million (December 31, 2019 - \$2.5 million generated), mainly for purchases of equipment. During the year ended December 31, 2020, the Company generated cash from financing activities of \$4.9 million from equity financing, compared with \$4.1 million during the year ended December 31, 2019.

On July 14, 2020, the Company completed a private placement by issuing 8,200,000 flow-through common shares for gross proceeds of \$5.2 million. The Flow-Through Shares were issued in two tranches with tranche one consisting of 4,275,000 flow-through shares (the "Premium FT Shares") issued to purchasers resident in Manitoba at a price of \$0.75 per Premium FT Share for aggregate gross proceeds of \$3.2 million and tranche two consisting of 3,925,000 flow-through shares (the "National FT Shares") issued to purchasers resident outside of Manitoba at a price of \$0.51 per National FT Share for aggregate gross proceeds of \$2.0 million.



Management considers the Company's liquidity position at December 31, 2020, comprised of cash and cash equivalents, together with cash flows from operations, enough to support the Company's normal operating requirements, exploration plans, and capital commitments for the next 12 months.

## Outstanding Share Data

Authorized: an unlimited number of common shares without par value	Common shares issued and outstanding	Stock Options	Warrants
Outstanding as at April 28, 2021	46,615,726	3,981,668	2,990,233

## FINANCIAL INSTRUMENTS

The Company's activities potentially expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign exchange risk, and commodity price risk.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at December 31, 2020, the Company had working capital (current assets less current liabilities) of \$10.2 million. Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt.

### Foreign Exchange Risk

The Company's Canadian entities have a Canadian dollar functional currency. Foreign exchange risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's foreign currency gains and losses primarily relate US dollar transactions with vendors.

### Commodity Price Risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the gold it produces. As of December 31, 2020, the Company had not entered into any agreements to mitigate its exposure to market price risk.

## CONTRACTUAL OBLIGATIONS

The following table provides our gross contractual obligations as of December 31, 2020 (in thousands):

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
<b>Reclamation obligation</b>	-	-	-	\$ 7,449	\$ 7,449

The amounts shown above represent undiscounted amounts not reflective of inflation, see Note 9 *Reclamation obligation* for additional details.



## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the years ended December 31, 2020 and 2019, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company. All fees have been reported as general and administrative expenses, with the exception of \$142 of salaries and wages that was included in exploration expense (2019 - \$142).

(\$ amounts in '000's)	Year ended December 31	
	2020	2019
Salaries and wages	\$ 922	\$ 615
Professional fees	21	21
Directors' fees	179	177
Management fees	–	13
Share-based payments	165	297
<b>TOTAL</b>	<b>\$ 1,287</b>	<b>\$ 1,123</b>

## OUTLOOK

The Company will continue to take a systematic, multi-disciplinary approach to advance its exploration properties in Manitoba and Ontario. The methodology employed at the Rice Lake properties has proven to be highly successful in identifying viable drill targets and results from the Phase II program will be incorporated into the model to further refine and prioritize targets. Significant gold intercepts encountered in the Bidou and Tinney target areas during both the Phase I and Phase II drilling program provide further evidence of a major gold system in these areas. As well, the high-grade surface grab samples in 2020 (up to 858 g/t) not only supports the exploration model but also confirms the exploration potential of these areas.

Near-term, the Company will continue to focus on the priority target areas within the Rice Lake exploration property. With the Phase II drilling program completed on March 15, 2021, the exploration team is focussed on incorporating the drill hole data and assay results as they are received into the existing data base and on planning for the Phase III drilling program. The 2021 field exploration season will be focused on advancing the projects drilled to date and on identifying new targets for drill testing. The Company's focus will be on quickly identifying one or more potential resources in these areas and develop a work plan designed to advance these projects to development on a shortened timeframe to provide one or more additional sources of ore for the Company's milling operations.

The 2021 tailings re-processing operations commenced on April 19, 2021 – an early restart to the operations due to favourable weather conditions and advance preparations undertaken at the end of the previous year's tailings season. The Company expects to process between 200,000 and 240,000 tonnes in 2021, at an average grade of 0.7 g/t, producing





approximately 4,500 ounces for the year, comparable to 2020. The Company will be evaluating equipment for pre-screening and de-watering material at the tailings impoundment area, which, if shown to be successful, will significantly increase the tonnes processed in 2021 as well as corresponding ounces produced.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities; as well as, the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the carrying value and the recoverability of exploration and evaluation assets and the inputs used in calculating the fair value of share-based payment expense. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting estimates upon which the Company depends are those requiring estimates of reserves and resources, future recoverability of assets, future costs for reclaiming areas of operations, and assumptions around future commodity prices.

## **DISCLOSURE CONTROLS AND PROCEDURES**

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis disclosure controls and procedures and as well as internal controls over financial reporting, as defined in National Instrument 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **RISKS AND UNCERTAINTIES**

In conducting its business, the Company faces a number of risks and uncertainties, many of which are beyond its ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date hereof. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

### **COVID 19 and Other Outbreaks of Communicable Diseases**

Our business could be adversely impacted by the effects of the coronavirus or other epidemics. The extent to which COVID-19 impacts our business, including our operations and the market for our securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact our business including without limitation, employee health, workforce productivity, supply chain impacts, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to our drill program and/or the timing to process drillcore samples and other metallurgical testing, requiring a partial or full suspension of tailings re-processing operations and exploration programs for an indefinite amount of time and other factors that will depend on future developments beyond our control, which may have a material and adverse effect on our business, financial condition and results of operations.



There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of COVID-19 or other communicable disease could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals, our ability to raise capital, and our future prospects.

### **Temporary Closure of Material Property**

Underground mining has been suspended and access to the True North mine has been temporarily closed. In the near term, in order to maximize cash flow and offset ongoing overhead costs, the Company is continuing to process tailings through the mill. Additionally, the Company is actively exploring along the Rice Lake greenstone belt to discover and develop additional resources to provide feed for the True North mill.

There can be no assurance that processing minerals through the True North mill from any newly-discovered resource, or from any residual or newly-discovered resource within the True North mine, will be feasible or that the Company will attain any benefit. There can be no assurance that it will be economically feasible to resume production at the True North mine; consequently there can be no assurance that commercial production at the True North mine will resume.

### **Nature of Mineral Exploration and Mining**

Development of any of 1911 Gold's mineral projects will only follow upon, among other things, obtaining satisfactory exploration results, the completion of feasibility or other economic studies, and obtaining permits through various regulatory agencies. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct additional mining and processing facilities at True North or other 1911 Gold sites. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of grades and tonnages, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection. Whether resuming production at True North or developing a producing mine elsewhere on 1911 Gold's properties is economically feasible will depend upon numerous factors, most of which are beyond the control of the Company, including: the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to mining dispositions as well as obtaining all necessary consents, permits and approvals for mine development. Should production resume at True North or should a producing mine be developed at any of 1911 Gold's exploration or development-stage mineral properties, other factors will ultimately impact whether mineral extraction and processing can be conducted economically, including actual mineralization, consistency and reliability of grades, gold metallurgy, and future commodity prices, as well as the effective design, construction and operation of processing facilities. 1911 Gold's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in 1911 Gold not receiving an adequate return on invested capital.

Mining operations are inherently dangerous and generally involve a high degree of risk. 1911 Gold's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failure,



mining voids, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or loss of life, damage to property and environmental damage, all of which may result in possible legal liability. Although the Company expects that adequate precautions to minimize risk will be taken, mining operations are subject to hazards such as fire, rock falls, geotechnical issues, equipment failure, failure of retaining dams around tailings disposal areas, chemical spills, instability of historical tailings and mill infrastructure failures, which may result in environmental pollution and consequent liability. The occurrence of any of these events could result in a prolonged interruption of 1911 Gold's operations that would have a material adverse effect on its business, financial condition, results of operations and prospects.

### **Estimates of Mineral Resources**

Mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, or that the indicated level of recovery will be realized. Mineral resource estimates may be materially affected by geological, environmental, permitting, legal, title, taxation, socio-political, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond 1911 Gold's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data, the nature of the mineralized volume and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience.

Fluctuations in gold prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral resource estimates. Should reductions in mineral resources occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and corresponding grades being mined. Any material reductions in estimates of mineral resources could have a material adverse effect on 1911 Gold's results of operations and financial condition.

### **Mineral Resources do not have Demonstrated Economic Viability**

Based on the Technical Report, 1911 Gold does not currently have a mineral reserve estimate. Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability and there is no assurance that mineral resources will ever be classified as proven or probable mineral reserves as a result of continued exploration. In addition, mineral resources that are classified as inferred mineral resources are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as reserves. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades will be achieved or that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

### **Fluctuating Commodity Prices**

If the Company resumes production at True North or enters into production at any other site, its profitability will be dependent upon the market price of gold and any other metals contained in minerals discovered. Historically, gold prices have fluctuated widely and are affected by numerous external factors beyond 1911 Gold's control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, production and cost levels in major producing regions, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the United States dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events. Resource prices have fluctuated widely and are sometimes subject to rapid



short-term changes because of speculative activities. The exact effect of these factors cannot be accurately predicted, but any one of, or any combination of, these factors may result in the Company not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of 1911 Gold may result.

### **Financing Risks**

1911 Gold will need to access additional capital to fund ongoing capital requirements and exploration expenditures as it proceeds to expand exploration activities at its mineral properties, develop any such properties, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. The continued exploration and future development of 1911 Gold's properties will therefore depend on the Company's ability to obtain additional required financing. In particular, any potential development of its projects will require substantial capital commitments, which the Company cannot currently quantify and does not currently have in place. The Company can provide no assurance that it will be able to obtain financing on favourable terms or at all. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs.

The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold industry in particular), the price of gold on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management personnel. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its properties, incur financial penalties or reduce or terminate its operations.

### **Dependence on Key Personnel**

The Company is dependent on a relatively small number of key employees, the loss of any of whom could have a materially adverse effect on its operations. The Company does not have in place formal programs for succession and training of management. The Company does not have key person insurance on such individuals, which would provide 1911 Gold with insurance proceeds in the event of their death. Without key person insurance, 1911 Gold may not have the financial resources to develop or maintain its business until it replaces the individual. The loss of one or more of these key employees, if not replaced, could materially adversely affect 1911 Gold's business, results of operations and financial condition.

### **Dependence on Third Parties**

The Company relies significantly on strategic relationships with other entities and also on good relationships with regulatory and governmental departments. The Company also relies upon third-parties to provide essential contracting services. There can be no assurance that 1911 Gold's existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

### **No Assurance of Title**

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although 1911 Gold has taken precautions to ensure that legal title to its property interests is properly recorded in the name of 1911 Gold where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Title insurance is generally not available for mineral properties and the Company has a limited ability to ensure that it has obtained secure claim to individual mineral claims. While the Company intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that 1911 Gold will be successful in extending or renewing mineral rights on or prior to expiration of their term or that the title to any such properties will not be affected by an unknown title defect.

### **1911 Gold's Activities are Subject to Extensive Governmental Regulation**

Exploration, development and mining of minerals are subject to extensive federal, provincial, and local laws and regulations





governing acquisition of the mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims that may be brought by First Nations and other indigenous groups, environmental protection and remediation, endangered and protected species, mine safety and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition and results of operations of the Company.

The costs and delays associated with obtaining necessary licences and permits and complying with these licences and permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project. Any failure to comply with applicable laws and regulations or licences and permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

### Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, power sources and water supply are important determinants affecting 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 operations, financial condition and results of operations.

### Tax Matters

The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position, application of tax incentives or similar 'holidays' or benefits were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect 1911 Gold's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on 1911 Gold's business. There is no assurance that 1911 Gold's current financial condition will not be materially adversely affected in the future due to such changes.

### Information Technology

The Company is reliant on the continuous and uninterrupted operations of its information technology ("IT") systems. User access and security of all IT systems are critical elements to the operations of 1911 Gold. Protection against cyber security incidents and cloud security, and security of all of 1911 Gold's IT systems are critical to the operations of the Company. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of 1911 Gold.

The Company's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Company's employees or vendors. A cyber security incident resulting in a security breach or failure to identify a security threat, could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy and security laws and regulations and remediation costs.

### Labour Difficulties

Factors such as work slowdowns or stoppages caused by the attempted unionization of operations and difficulties in recruiting qualified workers and hiring and training new workers could materially adversely affect 1911 Gold's business. This



would have a negative effect on 1911 Gold's business and results of operations; which might result in the Company not meeting its business objectives.

### Permits and Licenses

The Company is required to maintain in good standing a number of permits and licenses from various levels of governmental authorities in connection with the development and operations at its mineral properties. Although the Company has all required permits for its current operations, there is no assurance that delays will not occur in the renewal of certain permits and there is no assurance 1911 Gold will be able to obtain additional permits for any possible future changes to operations or additional permits associated with new legislation. There is also no assurance that the Company can obtain or that there will not be delays in obtaining the environmental approval or permits necessary to develop any future projects.

To the extent such approvals or consents are required and are delayed or not obtained, the Company may be curtailed or prohibited from continuing its operations or proceeding with any further development. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in the exploration, development or exploitation of mineral properties may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies or more stringent implementation thereof could have a material adverse impact on the Company and cause increases in exploration expenses, capital and operating expenditures or require abandonment or delays in development or exploitation of mining properties.

### Environmental Regulations and Potential Liabilities

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to 1911 Gold at present and which have been caused by previous or existing owners or operators of the properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on 1911 Gold and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties. The potential financial exposure may be significant.

The Company's operation is subject to environmental regulation primarily by the Ministry of Conservation and Climate (Manitoba) and the Ministry of the Environment (Ontario). The Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) have an enforcement role in the event of environmental incidents.



## Competition

There is significant competition in the precious metals mining industry for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop, and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than 1911 Gold, the Company may be unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its projects. Existing or future competition in the mining industry could materially adversely affect 1911 Gold's prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## Conflicts of Interest

The directors and officers of 1911 Gold may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises at a meeting of the directors of 1911 Gold, a director is required by the BCBCA to disclose the conflict of interest and to abstain from voting on the matter.

## No Guarantee of Positive Return on Investment

There is no guarantee that an investment in the securities of the Company will earn any positive return in the short term or long term. The mineral exploration and development business is subject to numerous inherent risks and uncertainties, and any investment in the securities of 1911 Gold should be considered a speculative investment. Past successful performance provides no assurance of any future success. The purchase of securities of 1911 Gold involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. An investment in the securities of 1911 Gold is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

## Dilution and Future Sales of 1911 Gold Shares

The Company may sell additional 1911 Gold shares or other securities in the future to finance its operations or may issue additional 1911 Gold shares or other securities as consideration for future acquisitions. The Company cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances will have on the market price of the 1911 Gold shares. Sales or issuances of substantial numbers of 1911 Gold shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the 1911 Gold shares. The Company's articles permit, among other things, the issuance of an unlimited number of 1911 Gold shares for such consideration and on such terms and conditions as are established by the directors of the Company, in many cases, without the approval of shareholders.

## No History of Earnings or Dividends

The Company has no history of earnings and as such the Company has not paid dividends since incorporation and does not



anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of the 1911 Gold Board after taking into account many factors, including operating results, financial condition and anticipated cash needs.

## NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included additional financial performance measures in this MD&A, such as production cash costs and all-in sustaining costs. The Company reports production cash costs and all-in sustaining costs on a per gold ounce sold basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

"Total cash costs per ounce" is calculated from operation's cash costs and dividing the sum by the number of gold ounces sold. Operations cash costs include mining, milling, smelter and other direct costs.

"All-in sustaining cash costs per ounce" includes total cash costs per ounce (as defined above) and adds the sum of G&A, share-based compensation, sustaining capital expenditures and certain exploration and evaluation costs, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of all-in sustaining costs per ounce. Additionally, certain other cash expenditures, including income tax payments and financing costs, should they apply, are not included.

The following tables provide reconciliation of total production costs per ounce as disclosed in this MD&A to the consolidated financial statements for the years ended December 31, 2020, 2019, and 2018:

	Year Ended December 31		
	2020	2019	2018
<i>(in thousands, except ounces and per ounce figures)</i>			
<b>Total cash costs per ounce</b>			
Production costs <sup>(1)(2)</sup>	\$ 8,817	\$ 13,014	\$ 24,500
Underground care and maintenance costs <sup>(2)</sup>	-	(1,215)	-
Write down of production inventory (cash portion)	-	-	3,654
Total cash costs	8,817	11,799	28,154
Gold ounces sold	4,175	6,277	10,814
<b>Total cash cost per ounce</b>	<b>\$ 2,112</b>	<b>\$ 1,880</b>	<b>\$ 2,603</b>
<b>All-in sustaining costs per ounce</b>			
Total cash costs	\$ 8,817	\$ 11,799	\$ 28,154
General and administrative, net of depreciation	2,485	1,719	1,426
Sustaining capital expenditures <sup>(3)</sup>	61	91	286
All-in sustaining costs	11,363	13,609	29,866
<b>All-in sustaining costs per ounce</b>	<b>\$ 2,722</b>	<b>\$ 2,168</b>	<b>\$ 2,762</b>

[1] As a result of the shutdown for the first 116 days of 2019 and the first 141 days of 2020 (extended in 2020 to mitigate the risk from the initial outbreak of SARS-CoV-2), the cash costs include a significant amount of cost unrelated to the cost of production. As well, the operations were shutdown for a period of 9 days in November 2020 as a precautionary measure when 2 isolated cases of COVID-19 were detected at site.

[2] Production costs for 2018 include the care and maintenance cost of the underground mines as the mine was in full or partial operations until March 2, 2018 and the costs for the remaining period could not be determined.

[3] Sustaining capital expenditures are defined those expenditures which do not increase annual gold ounce production and excludes certain expenditures at the Company's





operations which are deemed expansionary in nature. Capital expenditures include unpaid capital expenditures incurred in the period.

## **FORWARD LOOKING INFORMATION**

This MD&A provides management's analysis of 1911 Gold's historical financial and operating results and provides estimates of 1911 Gold's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking information. By their nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, impacts arising from the global disruption caused by the COVID-19 outbreak, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking information. 1911 Gold's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur or, if any of them do so, what benefits 1911 Gold will derive there from. 1911 Gold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable law.