



1911 Gold Corporation
(formerly Havilah Mining Corporation)

Management Discussion and Analysis
For the year ended December 31, 2019

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, 2019. The MD&A was prepared as of April 28, 2020 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2019 and 2018, 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 dollar figures are in Canadian unless otherwise stated.

The Company was incorporated on May 3, 2018 in connection with the arrangement agreement (“Arrangement Agreement”) between Klondex Mines Ltd. (“Klondex”), Hecla Mining Company (“Hecla”), and 1156291 B.C. Unlimited Liability Company, a wholly owned subsidiary of Hecla to hold Klondex’s former Canadian assets comprised of Klondex Canada Ltd. (subsequently renamed to 1911 Gold Canada Ltd., (“1911 Gold Canada”)) and Bison Gold Resources Inc. (“Bison”). Under the terms of the Arrangement Agreement, which closed on July 20, 2018, Hecla acquired all the outstanding common shares of Klondex and holders of common shares of Klondex (“Klondex Shareholders”) received consideration consisting of either cash, Hecla common stock, or a combination of cash and Hecla common stock, plus shares of 1911 Gold. On July 4, 2019, the Company amalgamated its 100% owned subsidiary, Bison Gold Resources Inc. into its other 100% owned subsidiary, 1911 Gold Canada Corporation.

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 OTCBB under the stock symbol “HAVXF”. Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company’s website www.1911gold.com.

OVERVIEW

1911 Gold is a junior gold producer and explorer that owns the True North mine and mill complex at Bissett, Manitoba, and is currently reprocessing historic tailings on a seasonal basis. In addition to operating True North, 1911 Gold holds highly prospective mineral dispositions, totaling approximately 54,000 hectares, within and adjacent to the Rice Lake greenstone belt. 1911 Gold believes its land package offers a prime exploration opportunity, with potential to develop a mining district centered on its True North facility. The Company also owns the Apex property near Snow Lake, Manitoba and the Denton-Keefer and Tully properties near Timmins, Ontario. 1911 Gold intends to focus on both organic growth opportunities and accretive acquisition opportunities in North America.

HIGHLIGHTS

- During March 2020, in response to the increased risk of outbreak from novel coronavirus (COVID-19) within Manitoba and the rest of the world, the Company implemented plans to protect both the 1911 Gold employees as well as the community the Company operates in. These steps initially included programs to increase sanitation of touch surfaces and allow for adequate social distancing, followed by a full reduction of personnel at the True North site to minimum care and maintenance levels as well as requiring all corporate and non-essential personnel to work from home. The Company is monitoring the situation and, in the event COVID-19 continues to pose a significant risk to the employees and the surrounding communities, the Company will delay returning to normal operations, which will further delay startup of tailings re-processing.
- During the first quarter of 2019, the Company appointed Ron Clayton, a director of the Company, as President and Chief Executive Officer of 1911 Gold Corp. Ron brings over 40 years of mining experience to the Company and was most recently the President and CEO of Tahoe Resources Inc., where he led the construction and commissioning of the Escobal mine as the Company’s first Chief Operating Officer. The Company also appointed Shastri Ramnath to the Board of Directors. Ms. Ramnath is a Professional Geoscientist with over 20 years of global experience within the exploration and mining industry. She co-founded and is currently the President, CEO and Principal Geologist of Orix Geoscience Inc. and the co-founder of Exiro Minerals, a junior exploration company focused on project generation that combines technology with traditional exploration methodologies.
- On March 18, 2019, the Company closed a non-brokered private placement for 8,333,333 flow-through common shares for gross proceeds of \$4,000,000. The proceeds from the sale of the flow through shares

will be used to incur eligible Canadian Exploration Expenses on the Company's exploration properties in the Rice Lake greenstone belt located in Manitoba, Canada.

- During 2019, the Company initiated its maiden exploration program in the Rice Lake belt with a compilation of historical datasets and the acquisition of new airborne geophysical and LiDAR data to guide and focus exploration activities going forward. The field program was focused primarily in the Bidou and Tinney project areas in the southeast portion of the Rice Lake greenstone belt, yielding a number of high-priority targets for follow-up drilling. The Company received drill permits for nine targets in late October 2019 and commenced drilling in the Bidou project area in early November, with plans to complete approximately 8,000 m of drilling prior to March 31, 2020. The initial phase of drilling (completed prior to freeze-up and totaling 2,586 metres) intersected gold mineralization in each of the 10 holes completed, providing confirmation of fertile structures extending to depth in each of the first 3 targets tested, none of which had any record of historical drilling (see News Release of January 30, 2020). The program was suspended for freeze-up over the holiday period, recommencing on January 20, 2020.
- The Company successfully re-processed tailings from April 26 through to October 31, 2019, averaging approximately 1,175 tonnes per day with an average grade 0.97 g/t gold. The Company successfully processed 221,969 tons during the operating period, recovering 5,833 ounces of gold. Proceeds from the tailings re-processing partially funded the ongoing overhead costs for the operations, including care and maintenance of the underground infrastructure which continued until October 5, 2019.

FINANCIAL AND OPERATING SUMMARY

Until July 19, 2018, the Company operated as a subsidiary of Klondex. With the completion of the Arrangement Agreement on July 20, 2018 the Company operated as a separate entity.

Year ended December 31	2019	2018	2017
Financial Results (in thousands)			
Revenue	\$ 12,280	\$ 17,993	\$ 42,427
Cost of sales:			
Production costs	13,014	24,500	41,127
Depreciation and depletion	3,796	4,855	5,449
Write-down of production inventories	–	4,025	8,306
Total Cost of Sales	16,810	33,380	55,182
General and Administrative Costs	1,719	1,426	5,201
Exploration expense	2,322	526	–
Impairment of mineral properties	–	9,674	28,230
Other (income) expenses	(736)	6,095	4,754
Net Loss and Comprehensive loss	\$ (7,835)	\$ (33,108)	\$ (51,193)
Operating Results			
Gold ounces shipped	5,653	9,183	27,877
Gold ounces sold	6,277	10,814	25,806
Per Ounce Data			
Average realized price	\$ 1,950	\$ 1,631	\$ 1,632
Cash cost of operations per ounce produced ⁽¹⁾	1,880	2,603	1,927
All in sustaining costs per ounce produced ⁽¹⁾	2,168	2,762	2,614
Per Share Data			
Basic and diluted loss per share	\$ (0.22)	\$ (1.19)	\$ (2.25)
Weighted average common shares outstanding	36,247,978	27,795,432	22,755,979

Balance as of December 31	2019	2018	2017
Financial Position (in thousands)			
Cash and cash equivalents	\$ 9,630	\$ 5,971	\$ 5,683
Total assets	48,381	52,284	74,412
Total liabilities	4,822	3,956	12,986
Shareholder equity	43,559	48,328	61,426

⁽¹⁾ This is a non-IFRS measure; refer to the Non-IFRS Performance Measures section of this MD&A for additional detail. The cash cost excludes the cost of underground mine care and maintenance in 2019 but is included in 2018 due to partial operations. As a result of the shutdown during the first 116 days of 2019, the cash costs include a significant amount of cost unrelated to the cost of production.

MANAGEMENT CHANGES

On January 20, 2020, Blair Schultz, after due consideration considering increasing work demands on other projects, stepped down from his role as Chair of the Board. Mr. Schultz continues to act as a director of the Company, ensuring continuity within the Board of Directors and an orderly transition of the Chair position to Mike Hoffman, an existing director of the Company.

REPORT ON OPERATIONS

The Company recommenced tailings operations on April 26, 2019, averaging 1,175 tpd during the 157 operating days of 2019 at an average grade of 0.97 g/t. During the initial restart period the operations focused on processing lower grade material while increasing the concentration of gold on carbon in the circuit and minimizing loss of gold to tailings. The mill also operated at a lower tonnage rate during several weeks in May extending through June in order to manage the water levels in the tailings facilities during the spring runoff while the Company completed installation of a booster pump to improve output to the new tailings facility. For the months of July and August, with the installation of the booster pump complete, production increased to an average rate of 1,304 tpd. During the second half of September, however, excessive rainfall resulted in a significant increase in water levels in the tailings ponds and of the moisture content of mined tailings, the latter requiring a reduction in production rate to 1,155 tpd. This rainfall continued after quarter-end, impacting production in October where the Company averaged 1,054 tpd and finally suspended operations as a result of water levels and the early onset of freezing conditions.

The Company temporarily suspended care and maintenance of the underground infrastructure at the True North mine on October 5, 2019, after determining this would not have a material impact on reopening the underground in the future, resulting in a significant reduction in ongoing operating costs.

During 2019 the Company completed the replacement of the strip circuit and the installation of two new gravity concentrators designed to improve mill recovery rates. The concentrators operated for the months of August and September, providing a 10% improvement in the recovery from the gravity circuit and an overall 3% increase in total recovery.

EXPLORATION ACTIVITY

In 2019 the Company initiated its maiden exploration program on its 100% owned mineral dispositions in the Rice Lake greenstone belt of southeastern Manitoba.

Initial work involved claim staking to secure favourable ground along previously under-explored portions of the crustal-scale Wanipigow fault – the principal structural feature in the Rice Lake belt – bringing the land position to approximately 75 km along this structure. The staking was followed up with high-resolution aeromagnetic surveys, as well as the acquisition of LiDAR and orthophoto imagery, to provide high-quality datasets to guide and focus the exploration program going forward.

Fieldwork initiated in late April, focused on areas for which sufficient historical datasets were available and previously mapped structure and stratigraphy were deemed favourable for the localization of gold mineralization, based on the Company's updated exploration model. These initial project areas included the Bidou and Tinney projects, located approximately 30 km southeast of Bissett, and the Gold Horse and Horseshoe projects, located northwest of Bissett (approximately 20 km and 4 km, respectively). One additional project – Poundmaker – was added in June, to follow up on historical work.

The program in each of these areas was designed to include the systematic collection of new geological datasets to efficiently and effectively advance projects to the stage of drill targeting. This work included geological

mapping, prospecting, verification sampling of historical occurrences, outcrop stripping, channel sampling, detailed mapping and structural analysis. This work also included surficial geochemistry orientation surveys over known zones of gold mineralization in order to establish and optimize the sampling methods, survey design and analytical procedures.

High-grade gold values were obtained from grab samples in the Bidou, Tinney and Poundmaker project areas, which consequently were the principal focus during the latter stages of the field exploration program. Detailed surficial geochemistry surveys were completed over known or interpreted extensions of mineralized zones on the Bidou and Poundmaker projects, leading to the definition of a number of areas of anomalous gold in surficial sediments. Surficial geochemistry was also completed in 2 grids in the Gold Horse project area – over the historical Eleanor showing and in an area of complex structure indicated by aeromagnetic survey data.

Based on the initial results of the field program, work permit applications for surface diamond drilling were submitted in early July for eight targets in the Bidou, Tinney and Poundmaker areas, and permit applications were also submitted for a conceptual structural target in the Horseshoe area. Towards the latter part of 2019, individual targets were evaluated based on all available information, and detailed drill planning for several targets in the Bidou and Tinney areas was initiated utilizing in-house 3D modeling of geology and structure to constrain drill targets. The preliminary drill plans called for 8,000 to 10,000 metres of drilling, in 30 to 40 drillholes.

Final drill permits were received in October 2019, after evaluation by the Integrated Resource Management Team (comprised of representatives from various government departments), and following consultations with local First Nations and a comprehensive Heritage Resource Impact Assessment conducted by a third-party under contract to the Company.

As of December 31, 2019, 10 drillholes were completed, totaling 2,586 m, to test targets in the Bidou project area, including the Midway (5 drillholes), Bidou Shear (3 drillholes) and Bidou South (2 drillholes) targets. As detailed in a subsequent news release (dated January 30, 2020), each of the first 10 drillholes succeeded in testing the targeted structures and returning strongly anomalous to localized high-grade gold mineralization associated with quartz-carbonate vein systems. Each of the targeted structures extend for kilometres along strike and will be the focus of follow-up drilling in Q1 2020 and/or continued exploration during the 2020 field season.

During 2019, work programs were also carried out on two other properties within the Company's Manitoba portfolio: Cryderman, located approximately 20 km east of Bissett, and the Apex, located 15 km southeast of Snow Lake, Manitoba, within the Flin Flon–Snow Lake greenstone belt. Both properties include significant historical gold occurrences and this work was initiated to better consolidate the data and confirm the nature of the gold occurrences.

REVIEW OF FINANCIAL RESULTS

During the year ended December 31, 2019, the Company generated a loss of \$7.8 million compared to a loss of \$33.1 million for 2018, with the latter including costs related to shutting down the underground mining operations, including severance payments, and a \$9.7 million write down on underground mine development costs.

Revenue

During the year ended December 31, 2019, the Company sold 5,807 gold ounces recovered from the 2019 tailings reprocessing operation and an additional 470 ounces (recovered from the Q1 2019 mill clean-out) at an average price of \$1,950 compared with sales of 10,814 gold ounces for the year ended December 31, 2018 at an average realized price of \$1,631 (this excludes the effect of any derivative instruments used during the 2018 period). During Q1 2018 True North processed all the remaining stockpiles from mining, containing a higher grade as well as the ore mined prior to the shutdown.

Cost of sales

Cost of sales, comprising the full cost of site operations, including care and maintenance costs for the True North underground mine as well as depreciation and depletion, amounted to \$16.8 million for 2019 compared with \$29.4 million during 2018. The decrease was primarily due to the suspension of mining operations at True North in January 2018 resulting in a significant decrease in mining related costs. On October 5, 2019, the Company suspended care and maintenance of the underground mine, further reducing the cost of operations compared to 2018. Care and maintenance costs during 2019 were \$1.2 million whereas in 2018 total mining costs, including care and maintenance after the shutdown of the underground mine, were \$7.9 million,

excluding severance costs related to mining. During 2018, the Company also incurred \$1.4 million in severance costs in lieu of notice as the Company laid off all but essential personnel required for continued milling operations, underground care and maintenance, and tailings re-processing operations.

The decrease in depreciation and depletion for 2019 is primarily from reduced depletion costs, which arise from underground mining and tailings operations, as the Company only operated the tailings operations in 2019, whereas limited underground mining occurred in Q1 2018. Also, as a result of impairment charges taken on mineral properties in 2018 with the suspension of underground mining as well as related equipment disposals, the Company had a lower average capital asset balance in 2019 compared with 2018.

General and administrative costs

General and administrative costs were \$1.7 million for 2019 compared to \$1.4 million for 2018. The general and administrative costs in 2018 reflect costs allocated from the Klondex corporate office during that period, whereas in 2019 they reflect costs for the standalone company. General and administrative costs were higher in 2019 primarily due to a full year of compliance costs related to maintaining a TSX Venture listing, as well as higher professional fees as a result of transactions that occurred in 2019. The Company has continued to focus on minimizing ongoing administrative costs subsequent to the spin-out.

Other expense

Finance charges

Finance charges in prior years arose from interest incurred on the advances from Klondex to 1911 Gold during the period where 1911 Gold was a subsidiary of Klondex. The advances from Klondex were settled in July of 2018 pursuant to the terms of the Arrangement Agreement. Total interest on these advances during 2018 was \$4.4 million whereas the Company has not incurred any comparable finance charges for the year ended December 31, 2019.

Foreign exchange gain or loss

Prior to the completion of the Arrangement Agreement, 1911 Gold had a significant US dollar liability arising from advances from Klondex. These were subject to mark-to-market adjustments at each reporting period, resulting in a \$1.1 million loss for the year ended December 31, 2018, as the Canadian currency weakened from \$1.25 to \$1.36 Canadian for every US dollar during 2018.

TRUE NORTH OPERATIONS

True North is a past-producing underground gold mining operation with a modern, fully permitted mill, currently focused on re-processing tailings and exploration along the Rice Lake greenstone belt. The following is a summary of operational information for the year ended December 31, 2019 and 2018.

Year ended December 31	2019	2018
Ore tons mined	–	19,301
Gold ounces mined	–	2,374
Ore tons milled	–	19,390
Tailings processed (tons)	222,134	230,427
Average gold mill head grade (g/t)	0.9	1.1
Average gold recovery rate	79.4 %	80.9 %
Gold ounces shipped	5,653	9,183
Gold ounces sold	6,277	10,814
Average realized gold price	\$ 1,950	\$ 1,631
Total cash cost per gold ounce sold ⁽¹⁾	1,880	2,603
All-in sustaining cost per gold ounce sold ⁽¹⁾	2,168	2,762

⁽¹⁾ This is a non-IFRS measure; refer to the Non-IFRS Performance Measures section of this MD&A for additional detail. The cash cost excludes the cost of underground mine care and maintenance in 2019 but is included in 2018 due to partial operations. As a result of the seasonal shutdown during 177 days of the year, the cash costs include a significant amount of cost unrelated to the cost of production.

For the year ended December 31, 2019, the Company operated for 188 days, commencing tailings operations on April 26, 2019, and suspending operations on October 31, 2019. The Company processed 222,134 tons from

tailings and shipped 5,653 gold ounces, not including the ounces shipped from the mill cleanup in the first quarter of the year. During the initial startup period the Company processed lower-grade material while the concentration of gold adsorbed to carbon increased to normal operating levels in the carbon-in-leach circuit, minimizing any potential loss of gold to tailings. As well, for several weeks during May and June the Company operated at lower than planned tonnage rates in order to minimize tailings discharge, offsetting the higher water inflows resulting from spring run-off. With the installation of the tailings booster pump at the end of the second quarter, and following the scheduled discharge of water from the tailings facility, the Company increased output levels and tonnage rates, returning to target operating levels in July and August, averaging 1,304 tpd, along with an improvement in grade.

During the month of September and October the operations experienced significantly higher than normal levels of rainfall, raising water levels in the tailings impoundment and increasing the moisture content of the tailings. This required a reduction in feed rate to maintain lower water levels in the tailings as well as to prevent material buildup in the circuit. This average tonnage rate was 1,086 tpd in September and October, although a higher average grade (1 g/t) was maintained throughout the period. As a result of ongoing higher water levels, the Company suspended the tailings re-processing activity on October 31, 2019 for the season.

During the year ended December 31, 2018 the True North underground mine operations transitioned to care and maintenance as a result of ongoing negative cashflows, with tailings operations commencing on April 20, 2018. During the transition period True North mined 19,301 ore tons from areas that were already developed, producing 2,091 gold ounces. An additional 230,427 tons were processed from tailings during the year ended December 31, 2018, producing an additional 5,906 ounces.

The decrease in the average gold recovery rate from 80.9% in 2018 to 79.4% in 2019 reflects the processing of exclusively low-grade tailings in the latter period (i.e., no high-grade ore), such that a relatively higher proportion of gold is returned to tails, likely in the form of minute gold particles affixed to silicate minerals, which are not recovered by either the gravity or leach circuits. This 'fixed' amount of gold averaged approximately 0.008 oz/t in 2018 and for the first 7 months of 2019, improving to 0.006 oz/t over August, September and October with the installation of the two new gravity concentrators (resulting in a 3% increase in recovery by October to 82.3%).

QUARTERLY RESULTS

The following selected financial information is a summary of the eight most recently completed quarters up to December 31, 2019.

Quarter Ended (\$ amounts in '000's)	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	June 30, 2018	Mar 31, 2018
Gold sold (ounces)	2,711	3,133	370	63	3,580	240	1,843	5,151
Revenues	\$ 5,320	\$ 6,181	\$ 669	\$ 110	\$ 5,774	\$ 394	\$ 3,137	\$ 8,688
Comprehensive Income (Loss)	\$ (1,180)	\$ 1,230	\$ (3,858)	\$ (4,027)	\$ (5,475)	\$ (13,656)	\$ (4,137)	\$ (9,840)

The True North operations were acquired by Klondex on January 22, 2016 and production from the underground mine recommenced in the third quarter of 2016. Underground mining operations continued until January 9, 2018, at which point True North was placed on care and maintenance as a result of the continued shortfall in meeting operating and production targets required to return to profitability. Since the acquisition, the operations continually recorded net losses, negative cash flows from operations, and relied on Klondex, the parent company until July 20, 2018, to fund business operations. During the fourth quarter of 2017, based on the impairment indicators present, Klondex recorded a \$28.2 million impairment charge on the assets.

With the closing of the Arrangement Agreement, the Company operated on a standalone basis for the quarters ended September 30, 2018 and December 31, 2018. The Company continued to re-process tailings from the tailings impoundment facility, milling a total of 151,630 tons with an average grade of 0.9 g/t at a 73% recovery rate, producing 3,166 ounces of gold for the period. The Company recorded a \$9.7 million write down on underground mine development costs during this period, based on the assessment that previous mine plans were no longer economic. On December 13, 2018, the Company suspended the operations due to the onset of winter, completing the Company's planned 2018 operating season.

The seasonal shutdown extended through the first quarter of 2019, during which time the Company carried out required maintenance and a full clean-out of the mill facilities. The Company received total proceeds of \$0.9 million in Q3 2019 from the 470 ounces recovered from the mill cleanup. Tailings operations recommenced in the Q2 2019, on April 26, and produced 222,134 tons containing 6,081 ounces of gold for the year ended December 31, 2019.

LIQUIDITY AND CAPITAL RESOURCES

(\$ amounts in '000's)	December 31 2019	December 31 2018
Cash	\$ 9,630	\$ 5,971
Total current assets	11,478	12,672
Total assets	48,381	52,284
Total current liabilities	2,192	1,494
Total liabilities	4,822	3,956
Total equity	43,559	48,328

Historically, the operations relied on Klondex for funding ongoing cashflow shortfalls. Prior to the completion of the Arrangement Agreement, the Company did not have access to third party financial resources and continued to incur negative operating cashflows and significant capital expenditures. The Company is currently focused on maximizing cashflow from the tailings operations to support the ongoing facility operating costs and exploration activity in the region. The cash cost per ounce for the year ended December 31, 2019 includes 177 days where the tailings operations were on seasonal shutdown. Gold production in the first 6 weeks experienced delays as new carbon added required a longer loading time to maintain optimal operations. Additionally, due to heavy rainfall in September and October operations were reduced to minimize discharge and reduce water levels in the tailings impoundment.

As a result of these factors, as well as ongoing care and maintenance costs for the underground mine, the Company was cashflow negative overall for the year ended December 31, 2019. However, for the third and fourth quarters of 2019, the Company generated \$2.8 million in positive cashflows from operations. On October 5, 2019, the Company temporarily suspended ongoing care and maintenance of the underground infrastructure at the True North Mine after determining that this would not have a material impact on a decision to reopen the underground in the future. This reduced the average monthly operating cost by \$135,000 for the remainder of 2019,

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 operations, exploration, and development programs, as well as the ability to obtain equity or other sources of financing, and the price of gold. To date, exploration on the Company's mineral dispositions 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, 2019, the Company had cash and cash equivalents of \$9.6 million (December 31, 2018 – \$6.0 million, not including short-term investments of \$3.0 million), and working capital of \$9.3 million (December 31, 2018 – \$11.2 million). During the year ended December 31, 2019, the Company lost \$2.4 million from operating, care and maintenance and investing activities, excluding working capital changes.

On January 10, 2019, the Company closed a non-brokered private placement for total proceeds of \$109,725, funded by management, and on March 21, 2019, the Company issued another 66,667 units to a director of the Company for additional proceeds of \$20,000. On March 18, 2019, the Company closed a non-brokered private placement by issuing 8,333,333 flow-through common shares for gross proceeds of \$4.0 million.

Management considers the Company's liquidity position at December 31, 2019, 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 on an ongoing basis.

Outstanding Share Data

Authorized: an unlimited number of common shares without par value	Common shares issued and outstanding	Stock Options	Restricted Share Units	Warrants
Outstanding as at April 28, 2020	37,975,729	2,980,000	213,330	2,665,833

FINANCIAL INSTRUMENTS

The Company's activities potentially expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign exchange currency 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, 2019 the Company had working capital of \$9.3 million and did not have any outstanding debt obligations. 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. The Company also invests excess cash in short term GIC's. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair value as at December 31, 2019.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. Foreign currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's historical foreign currency gains and losses relate to amounts on US dollar advances from Klondex as well as US dollar transactions with vendors. Subsequent to the Arrangement Agreement the Company has had minimal US dollar transactions.

Commodity Price Risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the gold it produces. Prior to completion of the Arrangement Agreement, the Company's parent, Klondex, would mitigate price risk by entering into derivative financial instruments, such as fixed forward sales and collars. The Company has also utilized put options for a portion of forecast production to mitigate the price risk during the operating periods in 2019 and will evaluate the need for similar instruments in 2020.

Contractual Obligations

The following table provides our gross contractual obligations as of December 31, 2019 (in thousands):

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Reclamation obligation	—	—	—	\$ 9,824	\$ 9,824

The amounts shown above represent undiscounted amounts not reflective of inflation, see Note 12 *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, 2019 and 2018, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company. Until July 2018, the Company operated as a subsidiary of Klondex, at which time no compensation was paid to Directors or Officers. All fees have been reported as general and administrative expenses:

(\$ amounts in '000's)	Year ended December 31	
	2019	2018
Salaries and wages	\$ 615	\$ –
Professional fees	21	10
Directors' fees	177	94
Management fees	13	280
Share-based payments	297	333
Total	\$ 1,123	\$ 717

OUTLOOK

With an experienced board of directors and management team, strong working capital, and access to external markets, 1911 Gold is leveraging the existing infrastructure at Rice Lake, including an operating mill, permitted tailings facility, and knowledgeable personnel, to advance exploration at the Rice Lake property and identify new sources of gold ore. The ground-staking and claims acquisitions during 2019 has increased the Company's total land position in the Rice Lake belt to more than 54,000 hectares. These strategic additions provide the Company with a dominant and continuous land position along and adjacent to the crustal-scale Wanipigow Fault, over a total strike length of 80 kilometres. Major gold occurrences in the Rice Lake belt, including the True North deposit at Bissett, Manitoba, from which approximately 2 million ounces of gold has been produced, are associated with structures that splay off this regional 'break'. The newly acquired ground provides an unprecedented opportunity to explore this fault system at a district scale.

Early in 2019, the Company successfully completed verification drilling at the Ogama-Rockland project in the southeast portion of the belt, designed to test each of the modelled vein systems in the locations previously reported to contain significant mineralized intercepts. Drilling also commenced on November 7, 2019 in the Tinney and Bidou project areas in the southeastern portion of the belt to begin following up on new results from the exploration program conducted in Q2 and Q3 of 2019, as well as on other high priority project areas. Drilling in these areas was completed as planned on March 22, 2020, and the Company is currently compiling and analyzing the results. Going forward, the Company will continue to advance the four initial projects by utilizing modern, state-of-the-art datasets to identify compelling drill targets, while at the same time adding additional projects to the roster, particularly in 'greenfields' areas of the belt which have not previously been explored in a systematic manner.

During the 2019 tailings re-processing season, the Company completed several planned capital upgrades designed to increase tonnage rates and recoveries, including the installation of the two new gravity concentrators to improve recoveries, and a booster pump to increase discharge rates to the eastern tailings impoundment. This work has resulted in an improvement in both tonnage rates and recoveries through the gravity circuit, allowing the Company to optimize the recovery of gold from the tailings facility. The recovery rates showed a significant improvement in the last three months of the operating season, increasing approximately 3% from historical rates achieved on the tailings. The Company is also continuing to focus on other cost reductions in order to generate positive cashflow during the operating season. The Company will also continue to evaluate other exploration and development assets with a view to building a robust and diversified mineral resource company.

With the current outbreak of the novel coronavirus (COVID-19) globally, the Company implemented plans early in March to minimize the risk of infection to employees and the communities within which the Company operates. These steps initially included programs to enhance awareness of appropriate preventive actions, cleaning and sanitation of touch-surfaces, and screening of employees and contractors by on-site nursing personnel. On March 23, 2020, the Company reduced personnel at the True North site to minimum care and maintenance levels and initiated a work-from-home policy for all corporate and non-essential personnel. The Company has previously procured enough supplies for the operating season, minimizing any supply chain risk for when the

Company re-commences operations. The Company continues to monitor the situation and is in close contact with the communities within which it operates to ensure alignment with any concerns held by all stakeholders. In the event COVID-19 continues to pose a significant risk to the employees and the community, the Company will continue to operate at care and maintenance levels. This outbreak has also caused disruptions in the logging and processing of drillcore from the latter stages of the recently concluded drill program, and the Company will work diligently to release the results from this program as soon as is feasible under the current operating conditions.

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.

RECENTLY ADOPTED ACCOUNTING POLICIES

The Company adopted all of the requirements of IFRS 16 *Leases* as of January 1, 2019. IFRS 16 replaces IAS 17 *Leases* ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance. The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 had no impact on the financial statements.

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

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration activities expose it to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. 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.

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 and the completion of feasibility or other economic studies. 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 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, 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.

COVID 19 and Other Outbreaks of Communicable Diseases

Our business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of coronavirus emerged in China and has now spread to nearly all other countries, including Canada, Australia and the U.S., and infections have been reported globally. The extent to which the resulting disease (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 drill 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.

Estimates of Mineral Resources

Mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized. Mineral resource estimates may be materially affected by 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 ore body 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. There is no assurance that the mineral resources set out in this Application 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 as stated 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. See "Financings, Available Funds and Principal Uses" of this Application.

The continued exploration and future development of 1911 Gold's exploration and development-stage 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. 1911 Gold 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 insurance 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, state 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 Aboriginal 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 miners and hiring and training new miners 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 mining operations or in the exploration, development or exploitation of mineral properties may be required to compensate those suffering loss or damage by reason of the mining 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 Sustainable Development (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. See "Dividends and Distributions" of this Application.

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 year-ended December 31, 2019:

Year Ended December 31	2019	2018	2017
<i>(in thousands, except ounces and per ounce figures)</i>			
Total cash costs per ounce			
Production costs ⁽¹⁾	\$ 13,014	\$ 24,500	\$ 41,427
Underground care and maintenance costs ⁽¹⁾	(1,215)	–	–
Write down of production inventory (cash portion)	–	3,654	8,306
Total cash costs	11,799	28,154	49,733
Gold ounces sold	6,277	10,814	25,806
Total cash cost per ounce⁽²⁾	\$ 1,880	\$ 2,603	\$ 1,927
All-in sustaining costs per ounce			
Total cash costs	\$ 11,799	\$ 28,154	\$ 49,733
General and administrative, net of depreciation	1,719	1,426	5,201
Sustaining capital expenditures ⁽³⁾	91	286	12,516
All-in sustaining costs	13,609	29,866	67,450
All-in sustaining costs per ounce⁽²⁾	\$ 2,168	\$ 2,762	\$ 2,614

(1) Production costs for 2017 and 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.

(2) As a result of the 177 non-operating days of 2019 (due to the seasonal nature of tailings operations), the cash costs include a significant amount of cost unrelated to the cost of production.

(3) Sustaining capital expenditures are defined as 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, 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.