SABRE GOLD MINES CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

EXPRESSED IN CANADIAN DOLLARS

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Toronto, Ontario, Canada
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Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Sabre Gold Mines Corp, ("Sabre Gold" or the "Company") constitute management's review of the factors that affected the Company's financial and operating performance for the six months ended June 30, 2024. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2023, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended December 31, 2023 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of August 2, 2024, unless otherwise indicated.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, (the "Board") considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Sabre Gold common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Sabre Gold's website at **www.sabre.gold** or on the System for Electronic Documents Analysis and Retrieval (SEDAR+) at **www.sedarplus.ca**.

Michael Maslowski, Certified Professional Geologist (CPG) with American Institute of Professional Geologist (AIPG), CPG-10890 is the Qualified Person, as the term is defined in National Instrument 43-101 ("NI 43-101"). He has reviewed and approved the technical information disclosed in this MD&A.

Cautionary Notes and Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Forward-looking statements and forward-looking information in this MD&A relate to; among other things: the Company's ability to successfully advance and achieve production at the Copperstone Mine; the strategic vision for the Company and expectations regarding exploration potential and the Company's ability to raise additional capital.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond Sabre Gold's ability to predict or control. Please refer to those risk factors included in the "Risk Factors" section below. Actual results and developments are likely to differ and may differ materially from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Sabre Gold's actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward- looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Highlights

A. Copperstone Project Development

Further engineering and refinement was completed in 2022 on the processing facility with plans to incorporate a Whole Ore Leach ("WOL") process followed by Merrill-Crowe recovery and onsite refining. Initial plant lay-out and flowsheets with associated capital and operating cost estimates were completed. Engineering is at an advanced stage. Metallurgical testing is complete, indicating excellent gold recovery. Final equipment sizing has been completed. Further updates to the mine design commenced in Q1 2023 and a Preliminary Economic Assessment (PEA) was released in June 2023. The Preliminary Economic Assessment supports a high-grade gold underground mining operation at Copperstone producing an average of 40,765 payable oz gold per year for just over a five-and-a-half-year mine life. Sabre Gold management worked with Hard Rock Consulting, LLC ("HRC") to complete the PEA, which included comprehensive reviews of the construction, operations and costs, to provide confidence for potential project commencement and completion within budget and schedule. Trade off studies on initial capital items and initial earthworks will commence as soon as the Company moves towards a formal construction decision.

B. Financing And Corporate

On June 28, 2021 the Company announced its intention to merge with Golden Predator Mining Corp, both companies subsequently held shareholder meetings on August 25, 2021 which approved the merger. Under the terms of the merger all existing Golden Predator Mining Corp shares were exchanged for Sabre Gold shares at an exchange ratio of 1.65 Sabre shares per Golden Predator share.

Immediately after the merger the Company announced a name change to Sabre Gold Mines Corp.

The Company appointed Mike Maslowski as Chief Operating Officer in May 2022.

The Company appointed Andrew Elinesky as Chief Executive Officer in October 2022.

On October 24, 2022, the Company announced the sale of the 1% net smelter returns royalty on the Kerr-Addison Mine claims owned by Gold Candle Ltd to two Directors. The consideration of US$7.4 million is derived from the retirement of the 4.5% Gross Production Royalty on Copperstone currently owned by TOMCL and the retirement of outstanding long-term debt in the amount of US$3.65 million dollars which is currently owned by TOMCL and Braydon, both of these entities are owned by Directors of the Company. In conjunction with the retirement of the debt, the due date for the remaining debt will also be extended to June 30, 2025.

On November 9, 2022 the Company implemented the 1:10 share consolidation previously approved by shareholders on December 17, 2021.

The Company effected a private sale of 14,500,000 shares of C2C Gold Corp. for net proceeds of $800,000 to a Director and Shareholder of the Company.

On January 24, 2023, the Company closed a private placement, by issuing 4,166,238 units of the Company at a price of $0.17 per Unit for total gross proceeds of $708,260. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.30 per share for a period of 24 months from the date of issuance.

On January 30, 2023, the Company announced the sale of the 1% net smelter returns royalty it held on the Kerr-Addison Mine claims owned by Gold Candle Ltd. for cash proceeds of US$7 million. In connection with the sale, the Company terminated the previously announced proposed sale of the Gold Candle royalty (October 24, 2022) and paid the agreed upon break fee of US$500,000.

On March 7, 2023 the Company announced the buyback and cancellation of a 3% net smelter returns royalty on the Company's Copperstone Project for cash proceeds of US$2.5 million. In addition, the Company repaid two promissory notes totaling $3.2 million, with the $2 million principal being repaid in cash and approximately $1.2 million in interest being settled by the issuance of 4,068,626 common shares of the Company. The Shares were issued at a price of $0.30 per share.

On September 14, 2023 the Company announced the sale of its wholly owned subsidiary, Golden Predator Mining Corp to Victoria Gold Corp.

The aggregate consideration payable to the Company for the sale is $13.5 million.

A total of $8.5 million was paid to Sabre in cash on closing. The balance of the consideration is payable as follows:

- $0.5 million in cash and an additional $2.5 million in cash or Victoria Shares at Victoria's election, payable on the 12-month anniversary of the closing date; and
- $0.5 million in cash and an additional $1.5 million in cash or Victoria Shares at Victoria's election, payable on the 24-month anniversary of the closing date.

On October 18, 2023 the Company announced that Rackla Metals Inc had exercised its option to acquire a 100% interest, subject to a 2.5% NSR royalty, in the SER property. Pursuant to the SER Option Agreement dated September 29, 2022, Rackla has completed the following: paid $50,000 cash to the Company upon signing of the agreement, and paid an additional $300,000 final payment in a combination of 655,021 common shares of Rackla and $150,000 cash to Sabre.

On November 2, 2023 the Company announced that its two lenders had forgiven an aggregate $3 million in accrued interest on their promissory notes in return for an initial cash payment totalling $3.95 million and deferred payments of $1.8 million and $1.2 million by November 2024 and November 2025, respectively.

In addition, Star Royalties Ltd have amended the gold streaming agreement relating to the Copperstone Mine to fix the gold entitlement at 4% of the payable gold ounces produced for the life of mine. The agreement previously provided for an initial gold entitlement percentage of 6.6% that stepped down to 2.2% and 0.8% after cumulative gold deliveries of 14,000 and 18,133 ounces, respectively. As consideration for the amendment to the stream, the Company issued 7,407,407 common shares to Star and paid Star $1.55 million in cash and will make deferred payments of $1.2 million and $0.8 million by November 2024 and November 2025, respectively.

The Company has also agreed to repurchase a 1.5% gross production royalty on the Copperstone Mine from the holder for consideration of US$1,250,000 by November 2024 either in cash or in exchange for other certain assets of the Company.

Outlook

The Company is focused on delivering shareholder value in the following ways:

- Based on the results of the 2023 PEA the Company will focus on specific trade-off studies that could improve operational efficiency and lower construction capital.
- Continue discussions with potential providers of initial construction capital as identified in the PEA.
- The Company also continues to prioritize resource and mine life extension consisting of exploration drilling with the goal of adding new resources and in-fill drilling for the purposes of converting existing resources to higher classification and to improve the potential mine production levels.
- Reduce the financial encumbrances on the company and in particular, on the Copperstone project. The reduced encumbrance by way of reduced (royalties) and debt (including debt extension) is expected to lead to improved investor perception, net asset value accretion, project fundability and possible third part interest.

Copperstone Project

- Continue to advance the Copperstone Project with the goal of achieving commercial production with a development plan for production of up to approximately 35,000 to 50,000 ounces of gold per annum with a current mine life of 5-6 years, which will include:
- Mineral Processing Plant – Metallurgical testing is complete. Design criteria for plant design is also complete.
- Mine Engineering – Base mine design is complete. Mine design and plan continue to be optimized from short- and long-term planning staff.
- Mine operations – Completed mine ground support rehabilitation and completed stope definition drilling for detailed final gold ore stope designs on the D zone.

Description of Business

Sabre Gold Mines Corp is a TSX listed emerging American gold producer advancing the re-start of its fully permitted past-producing Copperstone Gold Project located in mining-friendly Arizona.

Copperstone Project

The Company has a 100% leasehold interest in the exploration and development stage Copperstone Project which encompasses approximately 12,258 acres of surface area and mineral rights in La Paz County, Arizona, within a 50 square km land package. Sabre Gold controls 546 federal unpatented mining claims and two Arizona state mineral leases which together comprise the Copperstone Project area. The federal claims cover approximately 10,920 acres. Copperstone lies in the 350-mile long Arizona-centered Detachment Fault Terrane, stretching from southern Nevada to southeastern Arizona, and along the Colorado River between Arizona and California. The terrane includes the currently producing Mesquite Mine in California, with historic production and resources of over 10 million troy ounces of gold.

Within the Copperstone Project is the Copperstone Mine. The Copperstone Mine, previously operated by Cyprus Minerals Corporation, produced nearly half a million ounces of gold between 1987 and 1993 by way of open pit mining. Ackerman (1998) reported production by Cyprus at Copperstone of 514,000 oz of gold from 5,600,000 Mt of ore grading 2.8 g/tonne (0.089 oz/t) of gold.

Considerable infrastructure constructed by the Company's predecessor company, American Bonanza Gold Corp remains and will serve to substantially reduce the current capital requirements for the re-start of mining operations. Existing infrastructure includes a power line, substation, three water wells, 4,300ft of underground development, supporting infrastructure, offices, maintenance shops, a laboratory building, permitted tailings facility, 600 ton per day ball mill, all sufficient, with modest refurbishment, for the currently contemplated restart of operations at the Copperstone Mine.

The Copperstone Mine is permitted for the restart of operations subject to project funding.

On September 21, 2021, the Corporation announced an updated mineral resource estimate on its Copperstone Project and filed the technical report on SEDAR+ The updated resource estimate included a 23% increase in gold ounces in all categories, 53% increase in Measured Resources to 196,000 gold ounces at 7.6 g/t and a 45% increase in Inferred Resources to 212,000 gold ounces at 5.9 g/t.

In June 2023, the Corporation released a Preliminary Economic Assessment (PEA) for the Copperstone mine. The Preliminary Economic Assessment supports a high-grade gold underground mining operation at Copperstone producing an average of 40,765 payable oz gold per year for just over a five-and-a-half-year mine life.

Highlights from the Preliminary Economic Assessment

- Consistent Production – Models an underground mine operation that will process 198,000 tonnes of ore at 544 tonnes per day ("tpd") over the 5.6-year mine life ("LOM").
- Excellent Payback Period – The mine plan sequences the high-grade portions of the resource in early years to optimize grade and cash flow resulting in a payback period of less than 2 years and generating nearly $90m in after-tax cumulative undiscounted cash flow.

- Low Initial Capital – Significant site infrastructure, such as pre-existing tailings and processing facilities, surface buildings and rehabilitated underground development allow for reduced upfront construction cost and low initial capital per payable gold ounce produced over the LOM.
- Licensed and Permitted – Permits are in place for initial construction and subsequent operation of the project as well as the necessary water and surface rights. Minor modifications required for the revised mine plan and flow sheet as a result of the PEA will be addressed as required in the coming months by the Company.

Base Case Financial Results:

Project Valuation Overview	After Tax	Before Tax
Net Cashflow (millions)	$86.77	$89.78
NPV @ 5.0%; (millions)	$61.78	$63.97
NPV @ 7.5%; (millions)	$52.21	$54.09
NPV @ 10.0%; (millions)	$44.15	$45.76
Internal Rate of Return	50.5%	51.2%
Payback Period, Years	1.81	1.81
Payback Multiple	2.90	3.53
Total Initial Capital (millions)	-$36.27	-$36.27
Max Neg. Cashflow (millions)	-$45.66	-$35.54

Current and Future Plans Related to Exploration and Development Activities

Copperstone Project

In 2020 the Company completed 7,657 metres of its mine life extension and resource expansion drilling program. In Q4 2021, the Company completed 2,893 metres of close spaced underground panel drilling. This drilling will be used for designing initial stoping areas for when mining re-commences.

The Company is continuing efforts to improve and optimize project economics and extend the current mine life through drilling. The estimated initial project capital in the 2023 PEA increased from what was reflected in the Copperstone 2018 prefeasibility study. These capital cost increases are a result of the overall market experiencing upward cost pressures and competition for limited resources. Also, advancement of the detailed engineering of the mine and mineral processing identified additional scope with the capital project. These CAPEX increases are expected to improve project delivery and minimize operational risk as a result of improved production assurance. A mineral processing strategy that focuses on refurbishment and construction of a WOL gold recovery circuit will provide high plant availability.

Mineral processing optimization studies have been completed by Resource Development Inc. These results of the new studies and historic metallurgical test work provide the basis of the new WOL facility. Feasibility level engineering of a new processing facility has been completed. Final detailed engineering will incorporate the final metallurgical testing and ancillary studies. Commencement of WOL plant construction and infrastructure modifications can begin upon completion of mine design and financing.

Financial Highlights

As at June 30, 2024, the Company had assets of $46,871,942 (December 31, 2023 - $45,872,424) and a net equity position of $28,439,235 (December 31, 2023 – $28,510,913). As at June 30, 2024, the Company had current liabilities of $7,845,895 (December 31, 2023 - $2,834,401).

Quarterly Information

A summary of selected financial information of Sabre Gold for each of the eight most recently completed quarters is as follows:

Three Months Ended	Total Revenue ($)	Loss (Income)		Total Assets ($)
		Total ($)	Per Share ($)	
June 30, 2024	-	256,234	0.00	46,871,942
March 31, 2024	-	881,293	0.01	46,403,349
December 31, 2023	-	(6,517,055)	0.07	45,872,424
September 30, 2023	-	8,104,352	0.10	52,343,834
June 30, 2023	-	6,494	0.00	58,838,055
March 31, 2023	-	(8,127,720)	(0.12)	59,921,330
December 31, 2022	-	(737,472)	(0.02)	53,656,987
September 30, 2022	-	3,463,955	0.05	57,481,160

Discussion of Operations

Three months ended June 30, 2024, compared with the three months ended June 30, 2023

Sabre Gold's net loss before taxes totaled $256,234 for the three months ended June 30, 2024, with basic and diluted net loss per share of $0.00. This compares with a net loss of $6,494 with basic net loss per share of $0.00 for the three months ended June 30, 2023. The increase in the net loss of $262,728, was principally because:

- There was a foreign exchange loss of $3,124 recorded during the three months ended June 30, 2024, compared to a foreign exchange gain of $427,250 for the three months ended June 30, 2023, due to the impact of changes in the exchange rate between the US dollar and the Canadian dollar.
- During the three months ended June 30, 2024, there was a gain related to the fair market value of marketable securities of $54,357 compared to $nil in the corresponding period.
- During the three months ended June 30, 2024, share based payments amounted to $10,417 compared to $141,036 due to the issuance of stock options, DSU's and RSU's during the three months ended June 30, 2023.
- During the three months ended June 30, 2024, accrued interest amounted to $164,646 compared to $287,175. The reduction is attributable to the paying down the capital amounts outstanding.
- There were no expenses associated with discontinued operations during the three months ended June 30, 2024, compared to expenditures of $133,194 for the three months ended June 30, 2023, due to Golden Predator being sold in September 2023.

<u>Six months ended June 30, 2024, compared with the six months ended June 30, 2023</u>

Sabre Gold's net loss before taxes totaled $1,137,527 for the six months ended June 30, 2024, with basic and diluted net loss per share of $0.01. This compares with net income of $8,121,226 with basic net income per share of $0.12 and diluted net income per share of $0.11 for the six months ended June 30, 2023. The increase in the net loss of $9,258,753, was principally because:

- During the six months ended June 30, 2024, the Company sold an option agreement for $8,665,772.
- There was a foreign exchange loss of $152,639 recorded during the six months ended June 30, 2024, compared to a foreign exchange gain of $588,626 for the six months ended June 30, 2023, due to the impact of changes in the exchange rate between the US dollar and the Canadian dollar.
- During the six months ended June 30, 2024, there was a loss related to the fair market value of marketable securities of $175,899 compared to $nil in the corresponding period.
- During the six months ended June 30, 2024, professional fees amounted to $52,298 compared to $143,241. The reduction is due to the lower demand for legal services.
- During the six months ended June 30, 2024, share based payments amounted to $45,516 compared to $141,036 due to the issuance of stock options, DSU's and RSU's during the three months ended June 30, 2023.
- During the six months ended June 30, 2024, accrued interest amounted to $327,566 compared to $592,419. The reduction is attributable to the paying down the capital amounts outstanding.
- There were no expenses associated with discontinued operations during the six months ended June 30, 2024, compared to expenditures of $57,8468 for the six months ended June 30, 2023, due to Golden Predator being sold in September 2023.

Liquidity and Capital Resources

The activities of the Company, principally the exploration and development of its flagship asset, the Copperstone Project was financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants.

The Company had cash of $1,051,4781 as at June 30, 2024 (December 31, 2023 - $2,700,394).

Cash used by operating activities for the six months ended June 30, 2024, was $558,737 mainly due to paying the on-going general and administrative expenses associated with operating a head office and also by changes in non-cash working capital balances. The Company recorded a net loss of $1,137,527.

The Company spent $1,044,290 on the Copperstone Project.

Cash used in financing activities for the six months ended June 30, 2024 was $49,025.

See "Risk Factors" below.

Outstanding Share Data

As at the date of this MD&A, the Company had the following number of common shares and issuable shares outstanding.

Securities	
Common shares	79,650,542
Issuable under options	3,675,000
Issuable under warrants	2,096,319
Issuable under restricted share units	130,000
Issuable under deferred share units	130,000
Total Securities	**85,681,861**

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DCP") as well as internal controls over financial reporting ("ICFR") as defined in the rules of the Canadian Securities Administrators.

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with the participation of management last completed an evaluation of the design and operating effectiveness of the Company's DCP's and ICFR's as at December 31, 2023. Based on that assessment, management concluded that the Company's ICFR were operating effectively based upon the criteria set forth in the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control – Integrated Framework (2013) as at June 30, 2024.

During the three months ended June 30, 2024, the CEO and CFO have evaluated whether there were any changes to the ICFR that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation which was based on the COSO Model.

Critical Accounting Judgements, Estimates and Assumptions

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates.

Judgments:

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next year are discussed below:

<u>Mineral properties</u>

Operating levels intended by management for the Copperstone mine

Prior to a mine being capable of operating at levels intended by management, costs incurred are either expensed or capitalized based on the type of costs incurred. Costs related to developing the property are generally capitalized, while care and maintenance costs and costs related to exploration and evaluating new ore bodies are expensed. Management considers the Copperstone mine is capable of operating at levels intended by management once it has reached consistent production of no less than 60% of planned volume for a period of 30 consecutive days. As at June 30, 2024 the Copperstone mine had not met this target.

Functional currency
The functional currency for the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Impairment of property, plant and equipment
Assets or cash generating units are evaluated at each reporting date to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Present values are determined using a risk-adjusted pre-tax discount rate appropriate for the risks inherent to the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditure. The Company's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence, there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be charged against profit or loss.

Estimates:

The following are some of the more significant estimates made in the preparation of these unaudited condensed interim consolidated financial statements:

Provisions
Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Company's mining activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes management's best estimate for asset retirement obligations in the period in which they occur. Actual costs incurred in future periods could differ materially from the estimates. The ultimate cost of environmental remediation can vary in response to many factors including future changes to environmental laws and regulations, the emergence of new restoration techniques, changes in the life of mine estimates and in discount rates, which could affect the carrying amount of this provision.

Derivatives and Debt Valuation

The valuation of debt and embedded derivatives for convertible instruments is based on the application of a recognized option valuation formula, which is highly dependent on, amongst other things, the expected volatility of the Company's registered shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past stock trading data, adjusted for future expectations, and actual volatility may be significantly different.

The resulting value calculated is not necessarily the value that the holder of the instrument could receive in an arm's length transaction. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

Share-based payments

The fair value of share-based payments is estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk-free rate of return, and the estimated rate of forfeiture of options granted.

Allowance for expected credit losses

IFRS 9 Financial instruments introduces an expected credit loss ("ECL") impairment model applicable to all debt instruments within financial assets classified as amortized cost or at fair value through other comprehensive income ("FVTOCI"), as well as certain off-balance sheet loan commitments. The general principle of the ECL model is to reflect the pattern of deterioration or improvement in the credit quality of the associated financial instruments. The calculated allowance is designed to be an unbiased and probability- weighted amount that has been determined by evaluating possible outcomes; the time value of money; reasonable and supportable information about past events; and current and forecasted economic conditions.

The IFRS 9 ECL approach has three stages:

Stage 1 – includes financial instruments that have not had a significant increase in credit risk since initial recognition, or that have low credit risk at the reporting date. An ECL equal to expected credit losses resulting from default events over the next 12 months is recognized and interest revenue is calculated on the assets' gross carrying amounts;

Stage 2 – includes financial instruments that have had significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment at the reporting date. An ECL equal to expected credit losses resulting from default events over the assets' lifetime ("lifetime ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts. In general, an asset's lifetime is considered to be its remaining contractual lifetime;

Stage 3 – includes financial instruments that have objective evidence of impairment at the reporting date. The lifetime ECL is recognized and interest revenue is calculated on the assets' net carrying amounts, which are determined as the asset amount net of their lifetime ECL.

Capital Management

The Company manages its capital with the following objectives:

- to safeguard the Company's ability to continue as a going concern,
- to raise sufficient proceeds from share issues to meet general, administrative and exploration and development expenditures to advance the Copperstone Project,
- to provide an adequate return to shareholders by advancing the Company's projects to production while ensuring it meets the listing requirements of the Toronto Stock Exchange, and
- to maintain the royalty prepayments within the limits allowed by the agreement.

The Company has convertible promissory notes payable, accounts payable and accrued liabilities and equity, and consequently defines capital as all of the components of debt and equity which as at June 30, 2024 amount to $44,283,982 (December 31, 2022 - $42,362,300). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company, funds received from Streaming Agreement, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

The directors of the Company review the capital structure from time to time. As part of this review, the directors considered the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the issuing of new shares, new debt or the redemption or extension of existing debt.

There were no changes in the Company's approach to capital management during the three months ended June 30, 2024.

Financial Instruments

Fair value hierarchy - IFRS 7, Financial instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. There was no movement between different levels for the three months ended June 30, 2024 and the year ended December 31, 2023.

Marketable securities are marked-to-market at each period end and so the carrying amount also represents the fair value and were classified as level 1 financial instruments.

The fair value of the derivative financial liability (conversion feature) was estimated by using Black-Scholes pricing model with the assumptions and was classified as level 2 financial instruments.

In these consolidated financial statements, classification of financial assets and liabilities are measured at fair value and is as follows:

June 30, 2024	**Level 1 $**	**Level 2 $**	**Level 2 $**
Marketable securities	195,692	-	-
Restricted cash	859,465	-	-
Accounts receivable	2,995,066	-	-
Derivative in convertible promissory notes payable	-	(7,964)	-
Decommissioning liabilities	-	-	(2,548,860)
	4,050,223	**(7,964)**	**(2,548,860)**

December 31, 2023	**Level 1 $**	**Level 2 $**	**Level 2 $**
Marketable securities	156,591	-	-
Restricted cash	830,90	-	-
Accounts receivable	3,074,380	-	-
Derivative in convertible promissory notes payable	-	(49,867)	-
Decommissioning liabilities	-	-	(2,416,137)
	4,061,875	**(49,867)**	**(2,416,137)**

During the six months ended June 30, 2024 and the year ended December 31, 2023 there were no transfers of amounts between fair value levels.

Credit risk

The Company's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, totals the carrying amount of these assets as stated in the audited consolidated statements of financial position.

The Company's principal financial assets are cash, restricted investments and accounts receivable, which represent the Company's exposure to credit risk in relation to financial assets.

The credit risk on cash and restricted investments is mitigated by transacting with banks with high credit ratings assigned by international credit-rating agencies.

An allowance for expected credit losses is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information when necessary.

Interest rate risk

The interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates on its promissory notes payable and convertible promissory notes payables.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2024, the Company had cash of $1,051,781 (December 31, 2023 - $2,700,394) to settle current financial liabilities of $7,845,895 (December 31, 2023 - $2,834,401). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

The following table details the Company's contractual maturities for its financial liabilities as at June 30, 2024 and December 31, 2023, due by year:

June 30, 2024	**Carrying amount $**	**Contractual cash flow $**	**0 to 12 months $**	**12 to 24 months $**	**After 24 months $**
Accounts payable	444,184	444,184	444,184	-	-
Other liabilities	1,782,952	2,000,000	1,200,000	800,000	-
Promissory notes payable	2,817,347	3,228,883	900,000	2,328,883	-
Conv promissory notes payable	3,576,734	4,305,061	900,000	3,405,061	-
Lease liability	6,549	9,280	7,585	1,695	-
	8,627,766	**9,987,408**	**3,451,769**	**6,535,639**	**-**

December 31, 2023	**Carrying amount $**	**Contractual cash flow $**	**0 to 12 months $**	**12 to 24 months $**	**After 24 months $**
Accounts payable	699,059	699,059	699,059	-	-
Other liabilities	1,659,367	2,000,000	1,200,000	800,000	-
Promissory notes payable	2,617,526	3,228,883	900,000	2,328,883	-
Conv promissory notes payable	3,261,299	4,305,061	900,000	3,405,061	-
Lease liability	55,776	57,902	52,297	5,605	-
	8,293,027	**10,290,990**	**3,751,356**	**6,539,549**	**-**

Currency Risk

The Company's exploration and development activities are conducted in Arizona, United States. Major purchases, development and exploration expenditures are transacted in US dollars. Administrative expenditures and cash and cash equivalent balances are primarily transacted in Canadian dollars. The Company has exposure to foreign currency risk on its cash held in US bank, convertible promissory notes payable and lease obligations. As at June 30, 2024, the Company held US$617,505 of monetary assets and held US$9,039,387 in monetary liabilities. A $0.05 fluctuation in the value of the Canadian dollar would result in an increase or decrease to profit or loss of approximately $277,922. The Company mitigates the risk of foreign currency fluctuations by converting Canadian dollars to US currency when required to fund expenditures. The Company does not currently hedge its foreign exchange risk.

Related Party Balances and Transactions

Related parties include the Board, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) Loans from related parties

	As at June 30, 2024 $	**As at December 31, 2023 $**
Deferred revenue	7,253,905	6,572,216
Other liabilities	1,782,952	1,659,367
Promissory note payables	2,817,347	2,617,526
Convertible promissory note payables	3,576,734	3,261,216
Derivative financial liabilities	7,964	49,867
Total	**15,438,902**	**14,160,912**

(b) The value of transactions with related parties were as follows:

Name	**Three Months Ended June 30, 2024 $**	**Three Months Ended June 30, 2023 $**	**Six Months Ended June 30, 2024 $**	**Six Months Ended June 30, 2023 $**
Braydon Capital Corporation (i)	100,472	206,183	198,820	2,340,188
Trans Oceanic Minerals Corp (ii)	163,658	154,527	323,146	5,647,796
Star Royalties (iii)	260,306	117,006	506,537	206,427
Total	**524,436**	**477,716**	**1,028,503**	**8,194,411**

i) During the three and six months ended June 30, 2024, the Company accrued interest to Braydon for the promissory note payable.
ii) During the three and six months ended June 30, 2024, the Company accrued interest to TOMCL for the convertible promissory notes.
iii) During the three and six months ended June 30, 2024, the Company accrued interest to Star Royalties for deferred revenue and accretion expense in relation to the other liability.

(c) Repayment of debt associated with related parties were as follows:

Name	Six Months Ended June 30, 2024 $	Six Months Ended June 30, 2023 $
Braydon Capital Corporation	-	1,000,000
Trans Oceanic Minerals Corp	-	1,000,000
Total	**-**	**2,000,000**

Key management of the Company comprises executive and non-executive directors and members of executive management. The remuneration of the Company's directors and other key personnel during the six months ended June 30, 2024 and 2023 was as follows:

Name	Six Months Ended June 30, 2024 $	Six Months Ended June 30, 2023 $
Salaries and benefits	139,988	151,622
Trans consulting fees	178,750	195,000
Share based payments	19,885	83,063
Total	**338,623**	**429,685**

The non-executive directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the

directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with any conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

The Company routinely evaluates various business opportunities which could entail direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements which with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

Commitments and Contingencies

- The Company has a surety bond of an insurance company in connection with the Copperstone property. Cash collateral of $847,965 (US$619,540) is held with Intact Insurance in the name of the Company in a short-term cashable account.
- The activities of the Company are subject to environmental laws and regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, endangered species and reclamation of lands disturbed by mining operations.
- On January 28, 2013, the Company entered into an Exploration Memorandum of Understanding (the "MOU") with Kaska Nation represented by the Ross River Dena Council and Liard First Nation regarding exploration activity in their traditional territory.
- The Company has committed to make payments to certain related parties as part of the debt restructuring these payments of $1.8 million and $1.2 million respectively will be made ten and twenty-two months after the balance sheet date.
- The Company has committed to make payments to a related party as part of the gold stream restructuring these payments of $1.2 million and $0.8 million respectively will be made ten and twenty-two months after the balance sheet date.
- The Company has agreed to repurchase a 1.5% gross production royalty on the Copperstone Mine from the holder for consideration of US$1,250,000 payable within ten months of the balance sheet date either in cash or in exchange for other certain assets of the Company.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment.

Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual Information Form dated March 19, 2024 (available on SEDAR+ at www.sedarplus.ca).