BATTLE NORTH GOLD CORPORATION
(formerly Rubicon Minerals Corporation)

Consolidated Annual Financial Statements

(Stated in thousands of Canadian Dollars, except for share data)

Years Ended December 31, 2020 and 2019

121 King Street West, Suite 830, Toronto, Ontario M5H 3T9
Tel: 416-766-2804 Fax: 416-792-4601 E-mail: ir@battlenorthgold.com
www.battlenorthgold.com

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Battle North Gold Corporation (formerly Rubicon Minerals Corporation, the "Company" or "Battle North") and other information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as outlined in Part 1 of the Handbook of the Chartered Professional Accountants of Canada, and include some amounts that are based on management's estimates and judgement.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which is comprised solely of independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends its approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present. These consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants.

"George Ogilvie"	"Nicholas J. Nikolakakis "
George Ogilvie	Nicholas J. Nikolakakis
President and Chief Executive Officer	Chief Financial Officer

March 9, 2021

Independent auditor's report

To the Shareholders of Battle North Gold Corporation (formerly known as Rubicon Minerals Corporation)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Battle North Gold Corporation (formerly known as Rubicon Minerals Corporation) and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Key audit matter	How our audit addressed the key audit matter
Assessment of indicators of impairment or impairment reversal for the Company's property, plant and equipment (PP&E) *Refer to Note 2(e), Significant accounting judgments and sources of estimation uncertainty – Impairment of non-current non-financial assets, and Note 11, Property, plant and equipment to the consolidated financial statements.* The net book value of PP&E amounted to $21.2 million as at December 31, 2020. At each reporting period, management applies judgment in assessing PP&E to determine whether there are any indicators of impairment. If any such indicators exist, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount. PP&E is tested for impairment reversal when events or changes in circumstances indicate that an impairment may have reversed. Management considers factors such as the technical feasibility of a project, its future financing and a board decision to proceed with a project as part of the determination of whether there is an indicator of reversal. If any such indicators exist, then the asset's recoverable amount is estimated. An impairment reversal is adjusted for depreciation that would have been recorded had the impairment not taken place. Management makes judgments in assessing whether changes to certain factors would be considered an indicator of impairment or impairment reversal, which include both internal and external factors such as commodity prices, mineral resources and operating, capital and reclamation costs. No indicators of impairment or impairment reversal were identified by management as at December 31, 2020.	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of impairment and impairment reversal indicators, which included the following: – Understood management's process over their assessment of impairment and impairment reversal indicators. – Assessed the completeness of external or internal factors that could be considered as indicators of impairment or impairment reversal on the Company's PP&E, which included examining documents to assess the Company's plans with regard to its PP&E. – Assessed the reasonableness of factors such as commodity prices by comparing them to external market and industry data. – Assessed the reasonableness of assumptions regarding the current phase of the mine, including its technical feasibility, future financing and board decision to proceed.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to (i) the significance of the PP&E balance, (ii) the judgements made by management in their assessment of indicators of impairment and impairment reversals related to PP&E and this has resulted in (iii) a high degree of subjectivity and audit effort in performing audit procedures related to these judgments applied by management.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 9, 2021

BATTLE NORTH GOLD CORPORATION (formerly Rubicon Minerals Corporation)
Consolidated Statements of Financial Position
(in Canadian dollars, in thousands)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents (note 7)	$ 46,745	$ 13,743
Marketable securities	27	12
Accounts receivable (note 8)	262	162
Prepaid expenses and supplier advances (note 9)	235	279
Inventories (note 10)	428	367
	47,697	14,563
Non-current assets		
Restricted cash and deposits	28	27
Property, plant and equipment (note 11)	21,150	22,345
	21,178	22,372
	$ 68,875	$ 36,935
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	$ 5,052	$ 2,304
Current portion of long-term debt (note 13)	183	13,410
	5,235	15,714
Non-current liabilities		
Long-term debt (note 13)	127	310
Other liabilities (note 14)	9,383	7,708
	9,510	8,018
Equity		
Share capital (note 17)	827,750	762,805
Contributed surplus (note 17)	51,453	51,046
Deficit	(825,073)	(800,648)
	54,130	13,203
	$ 68,875	$ 36,935

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Audit Committee on behalf of the Board of Directors

/s/ Julian Kemp	/s/ Sasha Bukacheva
Julian Kemp	Sasha Bukacheva
Director	Director

BATTLE NORTH GOLD CORPORATION (formerly Rubicon Minerals Corporation)
Consolidated Statements of Comprehensive Loss
(in Canadian dollars, in thousands)

	December 31, 2020	December 31, 2019
Expenses		
Exploration and evaluation expenditures, net (note 15)	$ 12,508	$ 12,343
General and administrative (note 16)	5,429	5,031
Share based compensation (note 17)	1,491	1,272
Depreciation and amortization (note 11)	1,598	1,391
Loss before other items	21,026	20,037
Disposal of fixed assets (note 11)	2,658	-
Interest and other expense (note 13)	2,296	1,981
Foreign exchange losses/(gains)	133	(14)
Fair value gains	(206)	(194)
Loss before income taxes	25,907	21,810
Deferred income tax recovery (note 20)	(1,482)	(715)
Loss and comprehensive loss for the year	$ 24,425	$ 21,095
Basic and fully diluted loss per common share (note 17)	$ 0.23	$ 0.28

The accompanying notes are an integral part of these consolidated financial statements.

BATTLE NORTH GOLD CORPORATION (formerly Rubicon Minerals Corporation)
Consolidated Statements of Changes in Equity
(in Canadian dollars, in thousands)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
January 1, 2019	70,273,129	$ 746,300	$ 49,782	$ (779,553)	$ 16,529
Share-based payments	129,368	165	1,264	-	1,429
Private placement	18,883,116	17,261	-	-	17,261
Private placement – issuance costs	-	(921)	-	-	(921)
Net loss for the year	-	-	-	(21,095)	(21,095)
December 31, 2019	89,285,613	$ 762,805	$ 51,046	$ (800,648)	$ 13,203

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
January 1, 2020	89,285,613	$ 762,805	$ 51,046	$ (800,648)	$ 13,203
Share-based payments	1,436,357	1,952	407	-	2,359
Common share offering	30,064,250	55,619	-	-	55,619
Flow-through share offering	8,439,555	11,594	-	-	11,594
Share issuance costs	-	(4,220)	-	-	(4,220)
Net loss for the year	-	-	-	(24,425)	(24,425)
December 31, 2020	129,225,775	$ 827,750	$ 51,453	$ (825,073)	$ 54,130

The accompanying notes are an integral part of these consolidated financial statements.

BATTLE NORTH GOLD CORPORATION (formerly Rubicon Minerals Corporation)
Consolidated Statements of Cash Flows
(in Canadian dollars, in thousands)

For the years ended		**December 31, 2020**		**December 31, 2019**
Operating activities				
Net loss for the year	$	(24,425)	$	(21,095)
Items not involving cash:				
Depreciation and amortization		1,598		1,391
Interest on long term debt		1,695		1,653
Fair value gains		(206)		(194)
Share-based compensation		700		1,272
Other losses		913		161
Disposal of property, plant and equipment		2,658		-
Deferred income tax recovery		(1,482)		(715)
Unrealized foreign exchange gain		(3)		(135)
Changes in non-cash working capital:				
Accounts receivable and other current assets		(118)		164
Accounts payable and accrued liabilities		2,747		(582)
Interest received		157		135
Interest paid		(54)		(116)
Net cash used in operating activities		(15,820)		(18,061)
Investing activities				
Expenditures of property, plant and equipment, net		(2,842)		767
Decrease in short-term investments		-		5,051
Net proceeds from purchase and sale of marketable securities		-		57
Net cash used in/from investing activities		(2,842)		5,875
Financing activities				
Issuance of common shares, net of issue costs		66,047		16,340
Warrants and Options exercised		1,243		-
Modification and repayment of long-term debt and transaction costs		(15,205)		-
Repayment of lease liability		(424)		(1,439)
Net cash from financing activities		51,661		14,901
Effect of exchange rate changes on cash		3		135
Increase in cash and cash equivalents		33,002		2,850
Cash and cash equivalents, beginning of the year		13,743		10,893
Cash and cash equivalents, end of the year	$	46,745	$	13,743

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

On July 7, 2020, Rubicon Minerals Corporation changed its name to Battle North Gold Corporation ("**Battle North**" or the "**Company**"), and the name of its flagship project in the Red Lake gold mining district to the Bateman Gold Project (the "**Project**") from the "Phoenix Gold Project". The Company's common shares now trade on the Toronto Stock Exchange in Canada under the symbol '**BNAU**' and on the OTCQX Best Market under the symbol '**BNAUF**'.

The Company is incorporated in British Columbia, Canada. The address of its registered office is Suite 2200, HSBC Building 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company maintains its head office at 121 King Street West, Suite 830, Toronto, Ontario M5H 3T9.

The ability of the Company to recover the costs it has incurred to date on its properties, including the Bateman Gold Project, is dependent upon profitable extraction of gold or other minerals from its properties, the ability of the Company to resolve any environmental, regulatory, or other constraints which may hinder the successful operation and expansion of its properties, obtaining financing to complete exploration and development, and upon future profitable production or proceeds from disposition of mineral properties. Although the Company is unaware of any defects in its title to its material mineral properties, no guarantee can be made that none exist.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements of the Company as at and for the year ended December 31, 2020 with comparative information as at and for the year ended December 31, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting.

b) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value as determined at each reporting date. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving judgment or complexity, or areas where assumptions and estimates are significant and could affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year, are discussed in note 2 (e).

These consolidated financial statements were authorized for issuance on March 9, 2021 by the Board of Directors.

(in Canadian Dollars, in thousands except for share data)

2. BASIS OF PRESENTATION *(continued)*

c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The principal subsidiaries of the Company and their place of operations at December 31, 2020 were as follows:

Name of Subsidiary	Place of Operation	Ownership Interest	Principal Activity
0691403 B.C. Ltd.	British Columbia, Canada	100%	Holding company
1304850 Ontario Inc.	Ontario, Canada	100%	Holding company
Rubicon Minerals Nevada Inc.	British Columbia, Canada	100%	Holding company
Rubicon Nevada Corp.	Nevada, United States	100%	Mineral exploration
Rubicon Alaska Holdings Inc.	Alaska, United States	100%	Inactive
Rubicon Alaska Corp.	Alaska, United States	100%	Inactive

All intercompany transactions and balances are eliminated on consolidation.

d) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign currency translation differences are recognized in profit or loss.

e) Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. However, actual results could differ materially from these estimates. The significant areas of estimation and uncertainty considered by management in preparing the consolidated annual financial statements for the year ended December 31, 2020 are noted below.

Impairment of non-current non-financial assets

The Company reviews and evaluates the carrying value of each of its non-current non-financial assets for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. The identification of such events or changes and the performance of the assessment requires significant judgment. Furthermore, management's estimates of many of the factors relevant to completing this assessment, including commodity prices, Mineral Reserves and Mineral Resources, and operating, capital and reclamation costs, are subject to risks, uncertainties and contingencies that may further affect the determination of the recoverability of the carrying amounts of its non-current non-financial assets.

2. BASIS OF PRESENTATION *(continued)*

e) Significant accounting judgments and sources of estimation uncertainty *(continued)*

Impairment of non-current non-financial assets *(continued)*

At each reporting period, management reviews property plant and equipment for indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal 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.

Fair value of property, plant and equipment 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, using a post-tax discount rate. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal, using a pre-tax discount rate.

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. Impairment is normally assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets other than goodwill that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. If any such indicators exist the asset's recoverable amount is estimated. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place. Management considers factors such as the technical feasibility of a project, its future financing, and a board decision to proceed with a project as part of the determination of whether there is an indicator of reversal.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, gold prices, mine plan estimates, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the 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 assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of income.

As at December 31, 2020, management's impairment assessment did not result in the identification of any impairment indicators or identification of impairment reversals.

Flow-through Shares

Periodically, the Company finances a portion of its exploration and development activities through the issuance of flow-through common shares whereby the tax benefits of the eligible resource expenditures incurred are renounced to investors in accordance with tax legislation. The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the fair value of the Company's existing shares and the amount the investor pays for the actual flow-through

2. BASIS OF PRESENTATION *(continued)*

e) Significant accounting judgments and sources of estimation uncertainty *(continued)*

shares. A liability is recognized for the premium and is reversed and recognized as an income tax recovery as the related resource expenditures are incurred and the tax effect of the temporary differences is recorded. The net difference between the liability and the value of the tax assets renounced is reported as deferred tax recovery.

Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation, including the judgments around the use of flow-through share financing. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

COVID-19 Economic Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far-reaching. To date there have been significant stock market declines and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for commodities, on the Company’s suppliers, its employees and on global financial markets.

To-date mining has been considered an essential business under guidelines of the Government of Ontario and the Company continues to operate. During the year ended December 31, 2020, the Company made efforts to safeguard the health of the Company’s employees, while continuing to operate safely and responsibly maintain employment and economic activity. The Company completed various scenario planning analyses to consider potential impacts of COVID-19 on its business, including temporary disruptions and/or curtailments of operating activities (voluntary or involuntary) and determined that no material action was necessary at this time. These measures combined with commodity market fluctuations resulting from COVID-19 have not materially affected the Company’s financial results.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

b) Short-term investments

Short-term investments consist of short-term money market instruments that have original maturities of greater than 90 days and up to one year.

c) Inventories

Inventories may include materials and supplies, mineralized material in stockpile, in-circuit, and finished metal. Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing in each product to its present location and condition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Inventories *(continued)*

Net realizable value is determined with reference to relevant market prices, less estimated applicable costs of completion.

d) Property plant and equipment

Property, plant and equipment is carried at cost, less accumulated depreciation and net accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Assets under construction are depreciated over their estimated useful lives once they are substantially complete and available for their intended use.

Plant and equipment associated with mining operations are depreciated over the estimated useful lives of the assets on a declining-balance basis at the following rates:

Underground operating equipment	20%
Trucks	30%
Buildings/Hoist/Powerlines	5%

All other equipment and assets are depreciated over the estimated useful life of the assets using the declining-balance method at the following rates:

Furniture, fixtures and office equipment	20%
Computers	30%
Software	50%

Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Impairment losses and gains and losses on disposals of property, plant and equipment are included in results from operations.

e) Exploration and Evaluation

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a mineral interest are expensed as incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are expensed in the period incurred.

Mineral property acquisition costs are capitalized and assessed for impairment. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Reclamation deposits

The Company maintains cash deposits, or cash deposits secured by surety bonds, as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled or the related property is sold and the obligation is assumed by the buyer.

Reclamation deposits are classified as investments, and are recorded at amortized cost and are classified as non-current assets.

g) Provision for closure and reclamation

The Company recognizes a closure and reclamation provision for statutory, contractual, constructive or legal obligations to undertake reclamation and closure activities associated with property, plant, equipment and exploration and evaluation assets, generally at the time that an environmental or other site disturbance occurs or a constructive obligation for reclamation and closure activities is determined. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Provisions are measured at the present value of the expected future expenditures required to settle the obligation, using a risk-free pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for the passage of time, and adjusted for changes to the current market-based risk-free discount rate as well as changes in the estimated amount or timing of the expected future expenditures. The associated restoration costs are capitalized as part of the carrying amount of the related asset and then depreciated accordingly.

h) Debt

Debt is initially recorded at fair value, net of financing costs incurred. Debt is subsequently measured at amortized cost. Any difference between amounts received and the redemption value of the debt is recognized in the consolidated statement of income (loss) over the period maturity using the effective interest rate method.

i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is one that takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs ceases when the asset is completed and ready for productive use. All other borrowing costs are recognized as finance costs in the period in which they are incurred.

j) Income taxes

Deferred tax is recognized, using the liability method, on temporary differences between the carrying value of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is determined using tax rates and tax laws that are enacted or substantively enacted at the date of the consolidated statement of financial position and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are not recognized if the temporary difference arises on the initial recognition of assets and liabilities in a transaction other than a business combination, that at the time of the transaction, affects neither the taxable nor the accounting profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) Income taxes *(continued)*

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available to be utilized against those deductible temporary differences. Deferred tax assets are reviewed at each reporting date and amended to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

l) Share-based compensation

The Company has share-based equity settled compensation plans for stock options and a cash-settled share-based plan for phantom performance share units (“PPSU”). The plans comprise part of the compensation for certain employees, directors and executive management as part of the Company’s Long-Term Incentive Plan (“LTIP”). The Company recognizes the cost of share-based compensation based on the estimated fair value of new share options and PPSU granted to certain employees, consultants, officers and directors.

Stock Options

Stock options generally vest over three years and expire after five years. Each tranche of a share award is considered a separate award with its own vesting period and grant date fair value. Compensation expense is recognized over the tranche’s vesting period based on the number of awards expected to vest, by increasing contributed surplus.

The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option-pricing models and is expensed over the vesting period. This includes using assumptions related to the risk-free interest rate determined by the Government of Canada marketable average bond yields based on the grant term, the expected average option life based on management’s assumptions member enrollment, estimated forfeitures based on historical activity of the plan members and the estimated volatility of the Company’s shares based on historical market prices. Forfeitures of stock options are estimated based on the history of forfeited options or restricted share units and are factored into the fair value calculation.

Phantom Performance Share Units

The fair value of PPSUs is recognized based on the market value of the Company’s common shares on the date prior to the date of the grant. The PPSUs vest on the achievement of various performance milestones generally over three years. The PPSUs are settled in cash at the equivalent of the Company’s share price closing on the settlement date indicated in each grant, multiplied times the quantity of vested PPSUs, conditional on the PPSU holder being employed by the Company, on the settlement dates. Compensation expense is recognized as performance milestones are achieved based on the number of awards expected to vest, by increasing share-based payment liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Financial instruments

Financial assets

The Company recognizes a financial asset when the Company becomes a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value and subsequently re-measured either at (i) amortized cost or (ii) fair value either through profit or loss ("FVTPL") based on the classification of the financial asset. The classification of the financial assets within each measurement category is based on the business model and cash flow characteristics of the instrument.

Financial liabilities

The Company's financial liabilities are classified as other financial liabilities. Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, and lease obligations.

Derecognition of financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

The Company classifies its financial instruments in the following categories:

	Under IFRS 9
Cash	FVTPL
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Restricted cash	FVTPL
Marketable securities	FVTPL
Accounts Payable	Amortized cost
Debt	Amortized cost

n) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to standards issued but not yet effective

International Accounting Standard (“IAS”) 16 – Property, Plant and Equipment

On May 14, 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The change amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. There is no material impact to the Company at this time, but the Company will review in conjunction with its development decision on the Bateman Gold Project.

IAS 1 – Presentation of Financial Statements

Issued on May 2012 and deferred to years beginning on or after January 1, 2023, proposed amendments to IAS 1.73 are to clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms.

5. CAPITAL MANAGEMENT

The Company’s objectives for the management of capital are to safeguard the Company’s ability to continue as a going concern including the preservation of capital and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash, cash equivalents, and short-term investments to be its manageable capital. The Company’s policy is to raise sufficient cash, as needs arise, to cover operating, exploration and development costs over a reasonable future period. The Company may also acquire additional funds where advantageous circumstances arise.

Excess cash is invested in securities issued or guaranteed by major Canadian banks or the federal or provincial governments of Canada.

6. FINANCIAL INSTRUMENTS

Financial instrument risks

The Company’s financial instruments are exposed to the following risks:

Credit Risk

The Company’s primary exposure to credit risk is the risk of non-payment of cash and cash equivalents at December 31, 2020 which amounted to $46,745 (December 31, 2019 - $13,743). These cash and cash equivalents and short-term investments are held on deposit with major Canadian banks or in bank guaranteed investment certificates which are guaranteed by major Canadian banks. As the Company’s policy is to limit excess cash investments to deposits or investments with or guaranteed by major Canadian banks or the federal or a provincial government, the credit risk is considered by management to be negligible.

(in Canadian Dollars, in thousands except for share data)

6. FINANCIAL INSTRUMENTS *(continued)*

Financial instrument risks *(continued)*

Credit Risk (continued)

The Company's credit risk exposure from accounts receivable, excluding HST refunds, at December 31, 2020 is considered immaterial (December 31, 2019 - immaterial).

Liquidity Risk

The Company's liquidity risk from financial instruments is its need to meet operating accounts payable requirements, commitments, lease obligations, and debt service payments. The Company has no significant sources of revenue, has a historic deficit of $825,073 (2019: $800,648), and is dependent on financing to fund its operations. In addition, as the Company is in the advanced exploration stage, it is subject to the risks, uncertainties and challenges similar to other companies in a comparable stage of exploration. These include, but are not limited to, the continuation of losses in future periods; the ability to raise sufficient funds to continue its exploration programs, and on acceptable commercial terms; the ability to establish the economic viability of mineral deposits on any of its mining properties; the acquisition of required permits to mine; and the attainment of profitable operations.

Foreign Exchange Risk

Foreign exchange risk is the risk that fluctuations in foreign exchange rates may have an effect on future cash flows associated with the Company's US dollar denominated cash balances. Fluctuations in the CAD/USD exchange rate may result in a decrease or increase in foreign exchange income or expense. A change in the CAD/USD exchange rate of 1.0% on the December 31, 2020 US dollar denominated balances related to the cash balances would result in a change to net loss of approximately $2.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these investments are in high interest savings accounts and guaranteed investment certificates with pre-determined fixed yields.

A difference in interest rates of 1.0%, on the December 31, 2020 average balance of cash and cash equivalents and short-term investments, over the period, would result in a change to net loss of approximately $458.

7. SUPPLEMENTAL CASH FLOW

Cash and cash equivalents are comprised of the following:

	December 31, 2020	December 31, 2019
Cash	$ 530	$ 271
High interest savings accounts and guaranteed investment certificates	46,215	13,472
Cash and cash equivalents	$ 46,745	$ 13,743

(in Canadian Dollars, in thousands except for share data)

8. ACCOUNTS RECEIVABLE

Accounts receivable consists of HST refunds at December 31, 2020 of $262 (December 31, 2019 - $162).

9. PREPAID EXPENSES AND SUPPLIER ADVANCES

Prepaid expenses and supplier advances amounted to $235 at December 31, 2020 (December 31, 2019 - $279). Prepaid expenses and supplier advances are primarily comprised of insurance policy premiums and other normal course supplier advances and deposits.

10. INVENTORIES

	December 31, 2020	December 31, 2019
In-circuit	$ 132	$ 132
Materials and supplies	296	235
Inventories	$ 428	$ 367

11. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the changes in property, plant and equipment during the period:

	Assets under Construction	Office Equipment	Mine-site Equipment	Leased Equipment and Property	Mine-site Buildings	Total
Cost						
Balance, January 1, 2019	$ 59	$ 226	$ 1,866	$ 5,785	$ 19,402	$ 27,338
Additions	28	-	24	712	-	764
Disposals	-	-	-	(1,517)	-	(1,517)
Balance, December 31, 2019	87	226	1,890	4,980	19,402	26,585
Additions	2,827	15	219	-	-	3,061
Disposals	-	-	(175)	-	(2,640)	(2,815)
Balance, December 31, 2020	$ 2,914	$ 241	$ 1,934	$ 4,980	$ 16,762	$ 26,831
Accumulated depreciation						
Balance, January 1, 2019	$ -	$ 143	$ 784	$ 1,652	$ 868	$ 3,447
Disposals	-	-	-	(578)	-	(578)
Depreciation for the year	-	24	222	873	252	1,371
Balance, December 31, 2019	-	167	1,006	1,947	1,120	4,240
Depreciation for the year	-	26	221	607	741	1,595
Disposals	-	-	(154)	-	-	(154)
Balance, December 31, 2020	-	193	1,073	2,554	1,861	5,681
Net book value December 31, 2019	87	59	884	3,033	18,282	22,345
Net book value December 31, 2020	$ 2,914	$ 48	$ 861	$ 2,426	$ 14,901	$ 21,150

The Company disposed of certain mine site buildings that were demolished after being condemned for use, and equipment that was determined to be unusable and recognized a loss on disposal of $2,658 in the statement of comprehensive loss.

(in Canadian Dollars, in thousands except for share data)

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
Trade payables	$ 321	$ 386
Compensation payables	2,303	1,270
Accrued liabilities	2,428	648
Accounts payable and accrued liabilities	$ 5,052	$ 2,304

13. DEBT OBLIGATIONS

	December 31, 2020	December 31, 2019
Loan facility (a)	$ -	$ 12,867
Warrant liability (a)	-	119
Finance lease obligations (b)	310	734
	310	13,720
Less: current portion	(183)	(13,410)
Long-term debt	$ 127	$ 310

Loan Facility	Total
Balance, as at January 1, 2020	$ 12,867
Debt Modification Charge	1,055
Amortization of discount	1,641
Transaction Costs	(837)
Repayment of Principle	(14,726)
Balance, as at December 31, 2020	$ -

(a) Amended Loan Facility

On December 24, 2020, the Company paid the remaining amortized principle of the Amended Loan Facility of $14,726 and the remaining interest premium of $355.

The original terms of the secured loan facility ("Loan Facility") included a principal amount outstanding of $12,000 due and payable on the maturity date, December 31, 2020, a minimum unrestricted cash requirement covenant of $5,000 and annual effective interest payments of 5.0% paid-in-kind on maturity.

On December 20, 2018, the Loan Facility was transferred from CPPIB Credit Investments Inc. ("CPPIB") to Sprott Private Resource Lending (Collector), L.P. ("Sprott"). Sprott revised the Loan Facility such that the minimum cash requirement covenant under CPPIB was reduced from $5,000 to $1,000. In exchange for the amendment to the minimum cash requirement, the Company issued 800,000 warrants to Sprott. Sprott exercised all 800,000 warrants in 2020.

On June 1, 2020, Sprott and Rubicon agreed to extend the maturity date of the Loan Facility by one year to December 31, 2021 subject to certain other amendments and conditions as more particularly described below (the "Amended Loan Facility").

(in Canadian Dollars, in thousands except for share data)

13. DEBT OBLIGATIONS *(continued)*

(a) Amended Loan Facility *(continued)*

Terms	Original Loan Facility	Amended Loan Facility
Maturity Date	December 31, 2020	December 31, 2021
Principal	$12,000	$14,200 (reflecting accrued interest to June 1, 2020)
Interest	5.0%, accrued quarterly, with payment deferred, capitalized, and added to the principal ("**in kind**")	2020: • June 1 – December 31: 5.0% in kind 2021: • January 1 – November 30: 11.0% (6.0% in kind / 5.0% in cash) • December 1 – 31: 15.0% (10% in kind / 5.0% in cash)
Interest accrual	Quarterly	Monthly
Prepayment	Voluntary prepayment, at any time, without penalty	Voluntary prepayment, at any time, without penalty

As consideration for the extension of the maturity date and related other amendments in the Amended Loan Facility, the Company paid $44 of the principal amount of the loan and has paid two interest premium payments of $355; the first such payment was made on June 16, 2020 by issuance of 217,791 common shares of the Company priced at $1.63, being the closing price on the TSX on May 29, 2020 and the second, in cash, was paid on repayment of the Amended Loan Facility noted below on December 24, 2020. In addition, $83 were incurred in transaction costs. At the date of the debt modification, a loss of $1,055 was recognized representing the difference in the present value of the modified cashflows using the original effective interest rate and the carrying value of the debt at the date of the modification.

(b) Lease Obligations

The Company currently has existing lease obligations in respect of property leases. All of the equipment and property lease agreements had 1 - 5 period terms at initiation and carry an incremental weighted-average borrowing rate of 4.5% per annum, with the equipment leases allowing the Company to purchase the assets at the end of the term for a nominal amount. The equipment leases have been fully repaid as at December 31, 2020.

	< 1 Year	> 1 Year	Total
Total future minimum lease payments	$ 193	$ 129	$ 322
Less amount representing interest	(10)	(2)	(12)
Finance lease obligation	$ 183	$ 127	$ 310

(in Canadian Dollars, in thousands except for share data)

14. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Provision for closure and reclamation (a)	$ 7,708	$ 7,708
Flow-through share premium liability (b)	1,675	-
	9,383	7,708
Less: Current portion of flow-through share premium liability (b)	-	-
Other liabilities	$ 9,383	$ 7,708

(a) Provision for Closure and Reclamation

The Company's provision for closure and reclamation is for its Bateman Gold Project. Closure and reclamation activities related to this project will include land rehabilitation, demolition of buildings and processing facilities, ongoing care and maintenance and other costs. The current estimated value of the future provision as of December 31, 2020 is $7,708 (December 31, 2019 - $7,708).

(b) Flow-Through Share Premium Liability

Flow-through share liability consists of the remaining liability (premium) of the flow-through shares issued on February 27, 2020 and August 27, 2020 at a price of $1.43 and $2.68, respectively per flow-through share for aggregate gross proceeds of $14,750 (please refer to note 17). The change in the flow-through share premium liability is recognized in deferred tax recoveries when the related qualifying resource expenditures are incurred.

As at December 31, 2020, the Company has spent $7,465 on eligible expenditures, and recognized the related deferred tax recovery of $1,482 in the Statement of Comprehensive Loss. On July 10, 2020, the federal Department of Finance announced proposals to protect jobs and safe operations of junior mining exploration and other flow-through share issuers by extending the period to incur eligible expenses to meet the requirements of the flow through offering by 12 months. This draft legislation has not yet been enacted. The Company has determined that this pronouncement will have no material impact on its operations.

15. EXPLORATION AND EVALUATION EXPENDITURES, NET

	December 31, 2020	December 31, 2019
Bateman Gold Project, Red Lake Ontario	$ 11,493	$ 12,343
Other Red Lake Properties, Ontario	1,015	-
	$ 12,508	$ 12,343

Red Lake Mining Division, Ontario, Canada

Bateman Gold Property

The Company holds a 100% interest in the Bateman Gold Project.

(a) Water Claims Agreement

The Company holds a 100% interest in the "Water Claims" portion of the Bateman Gold Project. These claims are subject to a net smelter returns ("NSR") royalty of 2%, for which advance royalties of US$50 are due annually (to a maximum of US$1,000 prior to commercial production). As at December 31, 2020 the Company has paid US$850 (2019: US$800) with respect to the Water Claims advance royalties. Advance royalties paid to date have been expensed to exploration and evaluation expenditures.

(in Canadian Dollars, in thousands except for share data)

15. EXPLORATION AND EVALUATION EXPENDITURES, NET *(continued)*

Red Lake Mining Division, Ontario, Canada *(continued)*

Bateman Gold Property *(continued)*

(a) Water Claims Agreement *(continued)*

The Company has the option to take back a 0.5% amount of the NSR royalty for US$675 at any time, however, this option is subject to a right of first refusal, whereby, a third party has the initial right to exercise this option. Upon a positive production decision, the Company would be required to make an additional advance royalty payment of US$675, which would be deductible from commercial production royalties as well as amounts paid pursuant to the maximum US$1,000 in advance royalty payments described above.

(b) Land Claims Agreement

The Company holds a 100% interest in the "Land Claims" portion of the Bateman Gold Project. In October 2011, the Company acquired the Land Claims royalty for 1,216,071 of its common shares valued at $4,256.

(c) Unpatented Claim

The Company holds 100% interest in two single cell mining claims.

Other Red Lake Properties

The Company's Other Red Lake Properties as of December 31, 2020 are as follows:

Properties	Interest	Location in Ontario
Adams Lake	100%	Balmer and Bateman townships
Advance	100%	Todd township
DMC	100%	Dome, McDonough, Bateman and Fairlie townships
East Bay	100%	Bateman and Black Bear townships
Humlin	100%	Fairlie township
McCuaig	100%	Dome township
Red Lake North	100%	Bateman, Black Bear Lake, McDonough and Coli Lake townships
Schlasinger	100%	Bateman township
Slate Bay	100%	McDonough, Dome and Graves and Fairlie townships
West End	100%	Todd township
Wolf Bay	100%	Todd township

Royalty Division

The Company holds ownership or royalty interests in a number of properties designated as the Royalty Division. These properties, included in the Royalty Division, are generally held for the purpose of earning option and possible royalty income.

Nevada-Utah Property, USA

The Company's properties in the USA as of December 31, 2020 are as follows:

Property	Interest	Location
Nevada – Utah	28%-100%	Elko County, Nevada and Box Elder County, Utah

(in Canadian Dollars, in thousands except for share data)

15. EXPLORATION AND EVALUATION EXPENDITURES, NET *(continued)*

Red Lake Mining Division, Ontario, Canada *(continued)*

Bateman Gold Property *(continued)*

(c) Unpatented Claim *(continued)*

Royal Gold NSRs

Royal Gold holds the following NSRs and options, with respect to NSRs, on the Company's land holdings:

- 1.0% NSR on all of the Company's land holdings in Ontario, including the Bateman Gold Project, subject to a maximum 4.0% NSR on any one property;
- 2.5% NSR on the Company's Nevada/Utah properties, subject to a maximum 5.0% NSR on any one property; and
- an assignment of Battle North's rights to acquire any portion of an existing NSR that is subject to a buyback provision and a right of first refusal in respect of any royalty, stream, participating interest in production or amount of gold or other minerals based on production, that the Company wishes to offer for sale in relation to the Company's current properties.

16. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2020	December 31, 2019
Insurance	$ 729	$ 654
Office and rent	319	136
Transfer agent and regulatory filing fees	175	82
Travel and accommodation	98	232
Consulting and professional fees	412	308
Salaries and benefits	3,696	3,619
	$ 5,429	$ 5,031

17. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

a) Authorized Share Capital

	Number of Shares	Amount
January 1, 2019	70,273,129	$ 746,300
Share-based payments	129,368	165
Private placement	18,883,116	17,261
Flow-through share offering – issuance costs	-	(921)
December 31, 2019	89,285,613	$ 762,805

(in Canadian Dollars, in thousands except for share data)

17. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY *(continued)*

a) Authorized Share Capital *(continued)*

	Number of Shares	Amount
January 1, 2020	89,285,613	$ 762,805
Share-based payments	1,436,357	1,952
Common share offering	30,064,250	55,619
Flow-through share offering	8,439,555	11,594
Flow-through share offering – issuance costs	-	(4,220)
December 31, 2020	129,225,775	$ 827,750

i. Supplemental Prospectus Offering

On August 19, 2020, the Company and a syndicate of underwriters (collectively, the “Underwriters”), entered into an agreement pursuant to which the Underwriters agreed to purchase on a bought deal basis. The Underwriters have agreed to purchase, on a bought deal basis (i) 30,064,250 common of the Battle North Gold Corporation at a price of $1.85 per Common Share (the “Common Share Offering Price”); and (ii) 2,145,555 Common Shares to be issued as “flow-through shares” (the “Flow-Through Shares”) with respect to “Canadian exploration expenses” (“CEE”) within the meaning of the Income Tax Act (Canada) at a price of $2.68 per Flow-Through Share (the “Flow-Through Offering Price”) (collectively, the “Offering”). The gross proceeds of the Offering were $61,369.

An amount of $5,750 was recorded in share capital relating to the Flow-Through Shares and the remaining $1,394, representing the implied premium, was recorded as flow-through share premium liability. In connection with the Offering, the Company incurred share issuance costs of $3,528 including an underwriter’s commission representing 5% of the gross proceeds. As at December 31, 2020, the Company has spent $435 on eligible expenditures and expects to renounce the full amount of the offering to investors by December 31, 2021.

ii. February Flow-Through Share Offering

On February 27, 2020, the Company closed a public flow-through share offering of 6,294,000 common shares on a “flow-through” basis under the *Income Tax Act* (Canada) at a price of $1.43 per flow-through share for aggregate gross proceeds of $9,000. An amount of $7,238 was recorded in share capital and the remaining $1,762, representing the implied premium, was recorded as flow-through share premium liability. In connection with the offering, the Company incurred share issuance costs of $694 including an underwriter’s commission representing 6% of the gross proceeds. As at December 31, 2020, the Company has spent $7,031 on eligible expenditures and expects to renounce the full amount of the offering to investors by December 31, 2020.

b) Basic and diluted loss per share

	December 31, 2020	December 31, 2019
Common shares outstanding at beginning of year	89,285,613	70,273,129
Effect of common shares issued on financing and share based payments	17,216,731	5,706,086
Basic weighted average number of Common shares	106,502,344	75,979,215
Loss and comprehensive loss	24,425	21,095
Basic and diluted loss per share	$ 0.23	$ 0.28

(in Canadian Dollars, in thousands except for share data)

17. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY *(continued)*

b) Basic and diluted loss per share *(continued)*

The Company incurred net losses for each of the periods ended December 31, 2020 and 2019, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. These options and warrants could potentially dilute basic earnings per share in the future.

c) Stock options

The Company recorded a share-based compensation expense related to all outstanding stock options of $884 (December 31, 2019 - $997).

The following is a summary of the changes in the Company's outstanding stock options:

For the years ended	**December 31, 2020**		**December 31, 2019**	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Balance at beginning of year	5,779,473	$ 1.39	4,359,703	$ 1.48
Granted	1,949,285	1.29	1,419,770	1.17
Forfeited/expired	(85,000)	1.15	-	-
Exercised	(80,104)	1.20	-	-
Expired	(40,309)	1.14	-	-
Outstanding at end of year	7,523,345	1.37	5,779,473	1.39
Exercisable at end of year	5,054,394	$ 1.41	3,167,781	$ 1.45

The following is a summary of outstanding stock options:

As at			**December 31, 2020**		
Option Price Range	**Number Outstanding**	**Weighted Average Life (years)**	**Weighted Average Price**	**Number Exercisable**	**Weighted Average Price**
$1.14 - $1.30	2,919,642	3.54	$ 1.16	1,106,941	$ 1.16
$1.31 - $1.80	4,303,703	1.42	$ 1.48	3,897,453	$ 1.48
$1.81 - $2.04	300,000	4.77	$ 1.89	50,000	$ 1.82
Total Stock Options	7,523,345	2.37	$ 1.37	5,054,394	$ 1.41

The fair value of stock options granted during the years ended December 31, 2020 and December 31, 2019 has been estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

For the years ended	**December 31, 2020**	**December 31, 2019**
Exercise price	$1.14 - $2.04	$1.17 - $1.24
Risk-free interest rate	0.30 - 1.45%	1.58 - 1.85%
Expected life	5.0 years	5.0 years
Expected volatility	53.09 - 62.44%	45.30 - 46.29%
Expected dividend yield	Nil	Nil
Fair Value	$0.53 - $1.06	$0.49 - $0.52

(in Canadian Dollars, in thousands except for share data)

17. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY *(continued)*

d) Phantom Performance Share Units ("PPSUs")

The Company grants PPSUs to certain key personnel including the Company's directors and executive management as part of the Company's Long-Term Incentive Plan ("LTIP"). The PPSUs vest on the achievement of various performance milestones prior to their respective settlement dates. The PPSUs are settled in cash at the equivalent of the Company's share price closing on the settlement date, multiplied times the quantity of vested PPSUs, conditional on the PPSU holder being employed by the Company, on the settlement dates. None of four performance milestones was achieved during 2020. As at December 31, 2020, the Company recorded a share-based compensation liability related to all outstanding PPSUs of $923 (December 31, 2019 - $90).

The following is a summary of the changes in the Company's outstanding PPSUs:

For the years ended	**December 31, 2020**	**December 31, 2019**
	Number of PPSUs	
Balance at beginning of year	1,445,693	596,047
Granted	1,275,153	963,480
Forfeited	(28,620)	(113,834)
Outstanding at end of year	2,692,226	1,445,693
Estimated vesting at end of year	490,839	225,916

e) Warrants

As at	**December 31, 2020**		**December 31, 2019**	
	Number of Warrants	**Weighted Average Exercise Price**	**Number of Warrants**	**Weighted Average Exercise Price**
Outstanding and exercisable, end of the year	-	$ -	800,000	$ 1.35

Sprott exercised 800,000 warrants in 2020. The fair value of warrants were estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

For the year ended	**December 31, 2019**
Weighted average exercise price	$1.35
Risk-free interest rate	1.91%
Expected life	2.0 years
Expected volatility	47.42%
Expected dividend yield	Nil
Fair Value	$0.35

No warrants were issued in year ended December 31, 2020.

18. RELATED PARTY TRANSACTIONS

Disclosed below are details of the transactions between the Company and other related parties, including transactions with the Company's officers and directors.

(in Canadian Dollars, in thousands except for share data)

18. RELATED PARTY TRANSACTIONS *(continued)*

Key management personnel compensation

Compensation		December 31, 2020		December 31, 2019
Salaries, directors' fees and benefits	$	3,978	$	2,918
Share-based payments		696		991
Total	$	4,674	$	3,909

Certain members from the Company's Board of Directors and management team participated in the February 2020 offering noted in Note 17.

19. COMMITMENTS AND CONTINGENCIES

On December 21, 2020, the Company executed a binding commitment letter (the "Commitment Letter") with Macquarie Bank Limited ("Macquarie") for a senior secured term loan facility of US$40 million ("Credit Facility") to be used to fund the construction of the Bateman Gold Project. The proceeds of the Credit Facility, together with cash currently on the Company's balance sheet, are currently to be utilized to fund the Project to Commercial Production.

Macquarie has completed the necessary credit approval process to issue the Commitment Letter. However, the Credit Facility remains subject to certain customary conditions precedent and to negotiation and execution of customary definitive documentation, including a credit agreement and related security documents.

The Company is required to make certain cash payments, incur exploration costs and pay certain advance royalty amounts to maintain its mineral properties in good standing. These payments and costs are at the Company's discretion and are based upon available financial resources and the exploration merits of the mineral properties which are evaluated on a periodic basis.

20. INCOME TAXES

The following is a reconciliation of income taxes at statutory rates:

		December 31, 2020		December 31, 2019
Net loss (income) for the year, before taxes	$	25,907	$	21,810
Statutory tax rate		26.5%		26.5%
Tax recovery (expense) at statutory rates		6,865		5,780
Non-deductible amounts		(397)		(351)
Change in unrecognized tax assets		(6,468)		(5,429)
Flow-through share renunciation		1,482		715
Income tax recovery	$	1,482	$	715

(in Canadian Dollars, in thousands except for share data)

20. INCOME TAXES *(continued)*

The Company has unrecognized tax attributes as follows:

	December 31, 2020	December 31, 2019
Non-capital losses expiring 2027-2040	$ 247,825	$ 210,260
US net operating losses expiring 2027-2035	10,823	10,823
Mineral property expenditures	356,261	351,973
Equipment	59,064	81,418
Lease obligations and asset retirement obligation	8,018	8,442
Financing costs and other	5,359	2,887
Investment tax credits expiring 2029-2035	40,750	40,750
Income tax recovery	$ 728,100	$ 706,553

21. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment being the mining business in North America. All assets, liabilities and operating activities are based in Canada with the exception of the Company's Nevada based mineral properties, which are immaterial. Investment revenues were earned principally from Canadian sources.

22. EVENTS AFTER THE REPORTING PERIOD

On February 5, 2021, the Company's Board of Directors approved construction of the Project as described in the Feasibility Study, including the construction budget.

BATTLE NORTH GOLD CORPORATION
(formerly Rubicon Minerals Corporation)

Management's Discussion & Analysis

Year Ended December 31, 2020

121 King Street West, Suite 830, Toronto Ontario M5H 3T9
Tel: 416-766-2804 Fax: 416-792-4601 E-mail: ir@battlenorthgold.com
www.battlenorthgold.com

INTRODUCTION

On July 7, 2020, Rubicon Minerals Corporation changed its name to Battle North Gold Corporation ("**Battle North**" or the "**Company**"), and the name of its flagship project in the Red Lake gold mining district to the Bateman Gold Project (the "**Project**") from the "Phoenix Gold Project". The following Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Battle North was prepared to enable the reader to assess material changes in the financial condition and results of operations of Battle North. This MD&A is prepared as at March 9, 2021 and is intended to supplement and complement the consolidated financial statements of Battle North for the years ended December 31, 2020 and 2019 (the "**Financial Statements**"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of the financial statements as issued by the International Accounting Standards Board ("**IASB**").

This MD&A should be read in conjunction with the Financial Statements dated March 9, 2021 and the Annual Information Form dated March 27, 2020 ("**AIF**") filed with the Canadian Securities Administrators ("**CSA**") under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com and also available on its website at www.battlenorthgold.com. This MD&A contains certain forward-looking statements based on management's current expectations (please see "Cautionary Statement Regarding Forward-Looking Statements" at the end of this MD&A). All references to dollars herein are in Canadian dollars ("$") unless otherwise specified.

The Company is a reporting issuer in all of the provinces of Canada. The Company's common shares trade on the Toronto Stock Exchange ("**TSX**") in Canada under the symbol '**BNAU**' and on the OTCQX Best Market under the symbol '**BNAUF**'.

DEFINITIONS

The following terms are used in this MD&A:

"Bateman Gold Property" is the property containing the Bateman Gold Project located in Bateman Township, Municipality of Red Lake, Ontario, Canada, as more particularly described in the 2021 Technical Report.

"***Bateman Gold Project***" or "***Project***", formerly known as the Phoenix Gold Project, is the development of a shovel-ready underground gold mine and mill with an initial permitted potential production rate of up to approximately 1,250 tonnes per day, located on the Bateman Gold Property, as described in its Closure Plan pursuant to the *Mining Act* (Ontario), as amended from time to time, as further described under "Material Mineral Projects" in the Company's AIF.

"**Commercial Production**" or "**CP**" is defined as the Project operating at 70% of 1,250 tonnes per day ("**tpd**") permitted throughput capacity over 90 consecutive days. Cash costs, sustaining capital, operating costs and all-in sustaining costs are estimated from the start of Commercial Production.

"Feasibility Study" means the Feasibility Study for the F2 Gold Deposit at the Bateman Gold Project disclosed in the Company's technical report titled "National Instrument 43-101 Technical Report Bateman Gold Project: F2 Gold Deposit Feasibility Study and McFinley Zone Mineral Resource Estimate Cochenour, Ontario", prepared by T. Maunula & Associates Consulting Inc. ("**TMAC**") and Nordmin Engineering Ltd. ("**Nordmin**"), dated as of January 27, 2021 (the "**2021 Technical Report**") available under the Company's profile at www.sedar.com and on its website at www.battlenorthgold.com.

"F2 Gold Zone" is a gold mineralized system located at the Bateman Gold Property, approximately 420 metres ("m") east of the existing shaft, composed of high-grade gold mineralization, which currently has

DEFINITIONS *(continued)*

a strike length of approximately 1,200 metres ("**m**"), a depth extent of 1,350 m below surface and remains open along strike and at depth.

"***Loan Facility***" has the meaning given to such term in the Financial Statements.

*"**McFinley Zone**"* is a gold mineralized system located at the Bateman Gold Property in close proximity and connected to the F2 Gold Zone, composed of narrow-vein, high-grade gold mineralization, which currently has a strike length of approximately 1,200 m, a depth extent of approximately 162 m below surface and remains open along strike and at depth.

COMPANY 2020 HIGHLIGHTS AND 2021 OUTLOOK

Battle North is developing the Bateman Gold Project to become the next gold producer in the Red Lake Gold District in Ontario, Canada and controls the second largest exploration ground in the district. Battle North also owns a large gold exploration land package on the Long Canyon gold trend near the Nevada-Utah border in the United States.

During 2020, Battle North continued progressing on several significant milestones to advance the Bateman Gold Project with the current plan targeting first gold pour at the end of 2021 and Commercial Production at the end of 2022.

Bateman Gold Project Feasibility Study[1]

- The Feasibility Study is summarized under Table 1 (Economic analysis summary), Table 2 (LOM plan summary) and the following key points:

Table 1: Economic analysis summary (estimates) [1]

Metrics	Gold Price Assumption Per Ounce ("oz")	
	US$1,525 (Base Case)	US$1,900
After-tax Internal Rate of Return ("**IRR**")(%)	**50.3%**	86.4%
After-tax Net Present Value[2] ("**NPV$_{5\%}$**")	**$305.0 million**	$531.4 million
After-tax Cumulative Life of Mine ("**LOM**") Free Cash Flow[3] ("**FCF**"), Net of Initial Capital	**$418.5 million**	$698.3 million
FX rate assumption (CAD$/US$)	**0.7407**	0.7407
NPV$_{5\%}$/Initial Capital ratio	**2.8**	4.9
Payback period	**3.6 years**	2.6 years
Remaining tax loss pools after LOM	**$406.7 million**	$143.1 million

Table 2: LOM plan summary (Base Case estimates)

Metrics	Total	Per Unit
Total LOM from Initial Production	8.2 years	-
Commercial Production period[4] ("**CP**")	7.0 years	-
Project construction start to Initial Production	7 months	-

[1] For further details, see the 2021 Technical Report available under the Company's profile at www.sedar.com and on its website at www.battlenorthgold.com.
[2] Calculated using a 5% discount rate.
[3] Undiscounted
[4] Commercial Production ("CP") is defined as 70% of 1,250 tonnes per day ("**tpd**") permitted capacity over 90 consecutive days. Cash costs, sustaining capital, operating costs and all-in sustaining costs are estimated from the start of CP.

COMPANY 2020 HIGHLIGHTS AND 2021 OUTLOOK *(continued)*

Table 2: LOM plan summary (Base Case estimates (continued) [1]

Metrics	Total	Per Unit
Project construction and ramp-up to CP ("**Pre-CP**")	21 months	-
LOM ore tonnes milled (including Pre-CP tonnes)("**LOM tonne**")	3,562,572	1,208 tonnes per day ("**tpd**")
CP ore tonnes milled ("**CP tonne**")	3,314,309	1,315 tpd
Dilution (external and backfill)(%)/mining recovery (%)	16.6%/95.0%	-
LOM mill head grade (grams per tonne of gold or "g/t Au")[5]	5.54 g/t Au	-
Gold recoveries (%)/via gravity (%)	95.0%/43.0%	-
LOM payable gold production (including Pre-CP oz)("**LOM oz**")	602,987 oz	73,835 oz/LOM year
Payable gold during Pre-CP ("**Pre-CP oz**")	47,829 oz	-
CP Payable gold production ("**CP oz**")	555,158 oz	79,308/CP year

- The Feasibility Study LOM of an estimated 8.2 years.
- Pre-CP ramp-up period of an estimated 21 months to Commercial Production and anticipated Initial Production commencing an estimated 7 months after construction start.
- Initial Capital (Pre-CP) of an estimated $109.3 million (inclusive of 10% contingency) and Sustaining Capital (during CP) of an estimated $27.0 million per CP year.
- Estimated Total Cash Costs average $139 per tonne or US$613 per ounce during the CP period, including a 3% NSR and other production taxes. Estimated all-in sustaining costs ("**AISC**") average $196 per tonne or US$865 per ounce during the CP period. Estimated all-in costs ("**AIC**") average $231 per tonne or US$1,010 per ounce during the LOM of the Project.
- Early operating cash flow estimate of $34.2 million during the forecast Pre-CP period and application of the Company's tax loss pools over the LOM plan help drive the estimated after-tax IRR, after-tax $NPV_{5\%}$, LOM FCF and lower the Projected Funding Requirement.
- The Feasibility Study benefits from more than $770 million in sunk capital including a fully-operational state-of-the-art 1,800 tpd mill, a 730-metre deep shaft and hoisting facility, an existing tailings management facility ("**TMF**"), and more than 14,000 metres ("**m**") of developed mine workings.
- Excess mill capacity enables the potential to process incremental tonnes from the F2 Gold Deposit along strike and at depth, and at the emerging McFinley and Pen Zone targets.

Project Funding

- The Company executed a binding commitment letter (the "**Commitment Letter**") with Macquarie Bank Limited ("Macquarie") for a senior secured term loan facility of US$40 million ("**Credit Facility**") to be used to fund the construction of the 100%-owned, shovel-ready Bateman Gold Project. The proceeds of the Credit Facility, together with cash currently on the Company's balance sheet, are currently expected to fully fund the Project to Commercial Production.[6]
- Macquarie has completed the necessary credit approval process to issue the Commitment Letter. However, the Credit Facility remains subject to certain customary conditions precedent and to negotiation and execution of customary definitive documentation, including a credit agreement and related security documents.
- On December 24, 2020, the Company fully repaid its existing approximate $15 million Loan Facility with Sprott Private Resource Lending (Collector), L.P.

[5]Based on a 3.41 grams per tonne of gold ("**g/t Au**") mining cut-off grade, CAD$/USD$ 0.76 and US$1,375/oz gold price assumption.
[6] For further details, see the Company's news release dated December 22, 2020 available under its profile at www.sedar.com and on its website at www.battlenorthgold.com.

COMPANY 2020 HIGHLIGHTS AND 2021 OUTLOOK *(continued)*

Exploration

- **The McFinley Zone Mineral Resource estimate** (the **"McFinley MRE"**)**:** Battle North provided an updated McFinley MRE summarized in Table 3 and with the key points below:

Table 3: McFinley MRE at 3.0 g/t Au Cut-Off Grade

Category	Quantity (tonnes ("t"))	Grade (g/t Au)	Contained Gold ounces ("oz")
Measured (M)	45,300	5.40	7,900
Indicated (I)	160,400	6.22	32,100
M + I	**205,700**	**6.04**	**40,000**
Inferred	**259,300**	**8.53**	**71,100**

Notes:
- Effective date is December 10, 2020;
- Based on a break-even incremental economic cut-off grade[7] of 3.0 g/t Au, assuming the utilization of the Project infrastructure and processing facilities, a gold price of US$1,400/oz, an exchange rate of US$/C$ 0.74, mining cash costs[8] of C$92/t, processing costs of C$25/t, G&A of C$2/t, sustaining capital C$34/t, refining, transport and royalty costs of C$54/oz, and average gold recoverability of 86%;
- Excludes unclassified mineralization located within several pillars (crown, mill, shaft, and lake);
- Reported from within an envelope accounting for mineral continuity; and
- All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.

- The McFinley MRE benefits from approximately 1,620 m of recent confirmatory diamond drilling, 57,945 m of historical drilling, historical chip sampling (7,940 chip samples) and 2020 chip sampling (371 chip samples)
- The McFinley Zone benefits from more than 3,900 m of existing underground development that is connected to the Project shaft and underground infrastructure.
- The existing development and close proximity to the Project processing facilities allows us to potentially expedite the inclusion of the McFinley Zone mineralized material to the Project mine plan. The planned Project ramp decline from surface will access the McFinley Zone upon completion.
- The McFinley MRE extends down to the 162 m Level, but the zone remains open at depth and along strike.

Coronavirus ("COVID-19")

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far-reaching. To date there have been significant stock market declines and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for commodities, on the Company's suppliers, on its employees and on global financial markets.

To-date mining has been considered an essential business under emergency guidelines of the Government of Ontario and the Company continues to operate while monitoring updates on COVID-19 throughout the reopening phases.

---

[7] The incremental economic cut-off grade does not include fixed operating and capital costs attributed to the Bateman Gold Project as a stand-alone operation.
[8] Mining cash cost components include in-stope mining costs, underground utilities, material handling, and development costs.

COMPANY 2020 HIGHLIGHTS AND 2021 OUTLOOK *(continued)*

Coronavirus ("COVID-19") *(continued)*

During the year ended December 31, 2020, the Company continued its efforts to safeguard the health of Battle North's employees, while continuing to operate safely and responsibly maintain employment and economic activity. The specific steps taken by the Company in this regard are summarized below:

- Implemented Project COVID-19 Centre, equipped with a rapid PCR test kit and staffed with an on-site nurse and lab technician. All visitors are required to take a test before entering site.
- Suspending all non-essential business travel including a small group of "fly-in fly-out" traveling employees and encouraging the limitation of personal travel.
- Requiring employees to stay home, obtain a COVID-19 test and self-isolate for 14 days if they (or any member of their household):
  - have recently travelled abroad or
  - are experiencing symptoms similar to those affected by COVID-19.
- Encouraging social distancing and taking steps to ensure a safe distance between personnel in the workplace, which is facilitated by the Company's small workforce and nature of ongoing work at the Project.
- Providing additional sanitizers, cleansers, and disinfectants for personnel at the Bateman Gold Project, increasing signage reminding of preventative hygiene measures, and reviewing hygiene and sanitation controls.
- Limiting visitors to the Project and requiring a COVID-19 test where appropriate.
- Toronto office staff are working remotely from home.

These measures, combined with commodity market fluctuations resulting from COVID-19, have not materially affected the Company's financial results.

Financial Highlights

- **Cash position:** As of December 31, 2020, the Company had cash and cash equivalents and short-term investments of approximately $46.8 million.

- **Exploration and evaluation expenditures:** For the year ended December 31, 2020, the Company spent approximately $12.5 million in expenditures related to drilling, maintenance and technical consulting fees, including work on the Feasibility Study. Expenditures were higher by $0.2 million compared to the same period in 2019 due to Feasibility Study expenditures and exploratory drilling.

- **General and administrative expenses (including salaries and benefits, and consulting and professional fees):** The Company spent approximately $5.4 million on expenditures related to general and administrative, salaries and benefits, and consulting and professional fees in 2020, higher by $0.4 million due to higher professional fees and investor relations expenditures than 2019.

2021 Outlook

As of March 9, 2021, the Company had cash and cash equivalents of approximately $38.6 million. In management's view, the Company has sufficient financial resources to carry out the Company's planned activities in 2021 including, but not limited to:

COMPANY 2020 HIGHLIGHTS AND 2021 OUTLOOK *(continued)*

2021 Outlook *(continued)*

- Construction on critical path items has commenced at the Bateman Gold Project and the Board of Directors has approved the full construction of the Project, with the potential to be pouring first gold by the end of the year. The Company has budgeted spending of approximately $59.1 million towards initial capital development in 2021, including underground development, construction of an ammonia reactor, upgrades to the TMF, camp and mill and the purchase of stationary and mobile equipment. The Company has also budgeted approximately C$17.8 million for capitalized operating cost expenditures in 2021, including continued infill drilling and site maintenance.[9]
- The Company currently plans to issue a Mineral Resource estimate for the Pen Zone, where mineralization remains open at depth and drilling continues to potentially expand that anticipated estimate.
- In 2021, Battle North has budgeted up to $7 million on exploration of its Red Lake Properties (see press release issued on February 16, 2021) and its key String of Pearls targets

BATEMAN GOLD PROPERTY

Bateman Gold Project

Located in the heart of the Red Lake gold district, the Bateman Gold Project is an underground development stage project with substantial infrastructure and has been significantly de-risked.

Mineral Reserve and Resource Estimate for the F2 Gold Deposit

The Company recently provided a Feasibility Study Mineral Reserve and Resource estimate for the F2 Gold Deposit, as summarized in the following Table 4:

Table 4: Project Mineral Reserve and Mineral Resource Estimate for the F2 Gold Deposit[1]

Category	**Quantity** (tonnes)	**Grade** (g/t Au)	**Contained Gold** (oz)
Proven Reserve	339,227	5.76	62,830
Probable Reserve	3,223,337	5.52	572,009
Total Reserves	**3,562,565**	**5.54**	**634,838**
Measured (M)	391,000	6.50	81,700
Indicated (I)	1,115,000	7.49	268,600
M + I Resource	**1,506,000**	**7.24**	**350,300**
Inferred Resource	1,303,000	6.50	272,200

[9] For further details, see the Company's news release dated February 9, 2021, available under its profile at www.sedar.com and on its website at www.battlenorthgold.com.

BATEMAN GOLD PROPERTY *(continued)*

Mineral Reserve and Resource Estimate for the F2 Gold Deposit *(continued)*

Table 4: Project Mineral Reserve and Mineral Resource estimate for the F2 Gold Deposit[1] (continued)

Notes:

- Effective date is September 7, 2020.
- The Mineral Reserve estimates uses a break-even blended economic mining cut-off grade of 3.41 g/t Au based on assumptions of a gold price of US$1,375/oz, an exchange rate of US$/C$0.76, mining cash costs of $98/t, processing costs of $25/t, G&A and other (including exploration, refining, transport, and royalty costs) of $30/t, and mining recovery of 95%.
- The Mineral Resource estimates use a break-even economic cut-off grade of 3.0 g/t Au based on assumptions of a gold price of US$1,400/oz, an exchange rate of US$/C$ 0.74, mining cash costs of C$97/t, processing costs of C$33/t, G&A of C$18/t, sustaining capital C$20/t, refining, transport and royalty costs of C$59/oz, and average gold recoverability of 95%.
- Reported from within an envelope accounting for mineral continuity.
- All figures are rounded to reflect the relative accuracy of the estimates and totals may not add correctly.

Feasibility Study[1]:

The Company delivered a Feasibility Study that demonstrated an after-tax IRR and NPV5% of 50.3% and $305.0 million, respectively, based on a US$1,525 per ounce gold price assumption. The Feasibility Study contemplated an 8.2 year LOM plan averaging 73,835 ounces of gold production per year and an average AISC of US$865 per ounce of production during the commercial production period.

Infrastructure:

The Project is comprised of significant infrastructure on surface and in the underground:

- **Surface infrastructure:** The several components required for operations are either fully constructed or partially constructed at the Project, and include an 1,800 tpd fully-operational processing facility, an operational head frame and hoisting system, a tailings management facility and water treatment plant, electrical substations, a 242-person camp, and the necessary civil and earth works in place.

- **Underground infrastructure:** The Project has more than 14,000 m of underground development in place, including an operational production shaft down to 730 m below surface, a completed ramp system between the 244 m and 305 m levels, and fully developed levels on 183, 244, and 305 m Levels.

Exploration within the Bateman Gold Property

String of Pearls targets – McFinley and Pen Zones

Battle North has identified targets, known as the "String of Pearls", northwest of the F2 Gold Zone where high-grade gold mineralization was encountered from historical surface drilling. These targets include McFinley Zone, Pen Zone, CARZ Zone and Island Zone. These areas could potentially be drilled and accessed from the current underground workings as future sources of potential incremental mill feed for the Project. Management believes the historical drilling warrants further follow up and exploration.

The McFinley Zone, is located beneath the Project surface infrastructure, approximately 420 m west of the F2 Gold Zone. In 2018, the Company drilled 3 exploration holes to test the potential extension of the historic McFinley Zone at depth and intersected gold-bearing quartz veins and sulphides, similar to the lithological sequence in the historic McFinley Zone. In December 2020, the Company announced a maiden McFinley MRE[1].

BATEMAN GOLD PROPERTY *(continued)*

Exploration within the Bateman Gold Property *(continued)*

String of Pearls targets – McFinley and Pen Zones (continued)

The Pen Zone target is located within 550 m northwest of the Project. The Company has encountered high-grade mineralization at the Pen Zone from historical drilling and in drilling conducted in 2020[10]. The Company currently plans to issue a Mineral Resource estimate for the Pen Zone, where mineralization remains open at depth and drilling continues to potentially expand that anticipated estimate.

Close Proximity Targets

Battle North has identified targets northwest of the F2 Gold Zone where high-grade gold mineralization was encountered from historical surface drilling. These targets include Pen Zone, CARZ Zone and Island Zone. These areas could potentially be drilled and accessed from the current underground workings at the Bateman Gold Project. Management believes the historical drilling warrants further follow up and exploration.

RED LAKE PROPERTIES

In addition to the Bateman Gold Property, the Company holds approximately 282-square kilometers of mineral claims in the Red Lake area, making Battle North the second largest land holder in the prestigious Red Lake gold district. Based on historical exploration data and their proximity to other gold-bearing claims in the region, the Company believes these properties are strategically located, have a strong potential for mineral discoveries and could be a source of long-term organic growth.

Battle North is actively evaluating exploration and strategic opportunities to potentially deliver shareholder value from these claims. In 2017, Battle North completed a thorough evaluation of its Red Lake properties and determined high-priority targets for future mineral exploration. These targets include (but are not limited to) McCuaig, East Bay, Sidace, and Slate Bay. In 2021, the Company plans to complete a multi-faceted exploration program focused on these and other targets.[11]

FIRST NATIONS CONSULTATIONS

Consultations are ongoing with local First Nation communities and the Company continues to honour its exploration accommodation agreements with these communities.

UNITED STATES PROPERTIES

Nevada and Utah Properties in the Long Canyon Gold District

Battle North controls approximately 900-square kilometers of variable fee simple mineral property interests in the emerging Long Canyon gold district that straddles the Nevada-Utah border in the United

States. The Company is currently exploring strategic alternatives to best utilize the potential of the additional mineral claims in the Long Canyon gold district.

---

[10] For further details, see the Company's news release dated May 14, 2003, July 27, 2020 and September 24, 2020, all available under the Company's profile at www.sedar.com and its website at www.battlenorthgold.com.
[11] For further details, see the Company's news releases dated February 16, 2021, available under the Company's profile at www.sedar.com and its website at www.battlenorthgold.com

QUALIFIED PERSON

The scientific and technical content of this MD&A and accompanying financial statements has been reviewed, verified and approved by Michael Willett, P.Eng., Vice President, Operations and Projects, a Qualified Person as defined by NI 43-101.

RISKS AND UNCERTAINTIES

Like all mineral exploration and development companies, Battle North also continues to be subject to ongoing risks and uncertainties and other factors, which among others, include: inability to repay or refinance existing indebtedness at time of maturity or renewal and other liquidity risks (see also *"Critical Accounting Judgments and Estimates" and "Financial Condition, Liquidity and Capital Resources"*) and "*Risk Factors*" in the Company's AIF).

The following *Risks and Uncertainties* pertain to the outlook and conditions currently known to Battle North that could have a material impact on the financial condition of the Company. A discussion of these and other factors that may affect the Company's actual results, performance, achievements or financial position is contained under the heading "*Risk Factors*" and elsewhere in the Company's AIF. Such factors include, but are not limited to: indebtedness risk, political risks, title risks, commodity prices, public health crises including the COVID-19 pandemic, exchange rate risks, permitting risks, operating and environmental hazards encountered in the exploration, development and mining business and changing laws and public policies.

Current and prospective security holders of Battle North should carefully consider these risk factors. Should the development of the Bateman Gold Property not be possible or practicable for any reason, the business and financial position of the Company would be materially adversely affected.

Dependence on single mineral project

The only material mineral project in which the Company has an interest is the Bateman Gold Property. The costs, timing and complexities of upgrading the mineralized material at the Bateman Gold Property to a Proven or Probable Mineral Reserve estimate may be greater than the Company anticipates and may not be undertaken prior to development, if at all. In addition, actual development costs may differ materially from the 2021 Technical Report estimates and may render the development of the Bateman Gold Property economically unfeasible. In the absence of any new acquisitions of material mineral project interests or the development of other existing interests into material holdings, the Company will be solely dependent upon the Bateman Gold Property for any future revenue and profits, if any. Should the development of the Bateman Gold Property not be possible or practicable for any reason, the business and financial position of the Company would be materially adversely affected.

COVID-19

The global outbreak of COVID-19, a pandemic infectious disease that has had a significant impact on the global economy including that of Canada, where the Company operates, through restrictions put in place by the various levels of governments regarding travel, business operations and isolation orders to reduce the rate of spread of new infections. As the outbreak of COVID-19 presents risks that are unknown at this time and may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to significant pandemic threats, there are potentially significant economic and social impacts caused by this infectious disease risk, including the inability of the Company's exploration activities to continue as intended.

The Company's Bateman Gold Project continues to operate. Mining operations have been deemed an essential service in the province of Ontario. COVID-19 is expected to have a material impact on the

RISKS AND UNCERTAINTIES *(continued)*

COVID-19 *(continued)*

global financial market and could result in volatility and disruption (including negative impacts on the Company's Common Share price and access to financing), trade and market sentiment, and supply chains (including availability and timely delivery of key supplies and services), pose risks to and ultimately impact the health and safety of employees, suppliers and communities in which the Company operates, and result in the disruption or suspension of operations and other delays in advancing the Bateman Gold Project including delivery of the anticipated Feasibility Study. Currently, it is not possible to reliably estimate the financial impact of the length or severity of COVID-19.

SELECTED ANNUAL INFORMATION (in Canadian dollars, in thousands)

Information presented below is extracted from the Financial Statements.

For the years ended	December 31, 2020	December 31, 2019	December 31, 2018
Financial results:			
Interest income (expense)	$ (2,296)	$ (1,981)	$ (250)
Total comprehensive (loss)/income	(24,425)	(21,095)	(24,506)
Basic loss per share	$ (0.23)	$ (0.28)	$ (0.38)

As at	December 31, 2020	December 31, 2019	December 31, 2018
Financial position:			
Working capital (Non-GAAP Performance Measure)	$ 42,463	$ (1,151)	$ 12,322
Total assets	68,875	36,935	40,916
Non-current liabilities	9,510	8,018	19,711
Deficit	(825,073)	(800,648)	(779,553)
Number of shares issued and outstanding	129,225,775	89,285,613	70,273,129

- The net loss for the year ended December 31, 2020, consisted primarily of expenditures relating to exploration and evaluation costs to continue exploration activities at the Bateman Gold Property including preparation of the Feasibility Study and regional exploration drilling.

- The net loss for the year ended December 31, 2019, consisted primarily of expenditures relating to exploration and evaluation costs spent to continue exploration activities at the Bateman Gold Property including preparation of the 2019 preliminary economic assessment for the Project[12], underground development and drilling. This was offset by $0.4 million in proceeds recognized from the sale of precious metals.

- The net income for the year ended December 31, 2018, consisted primarily of expenditures relating to exploration and evaluation costs spent to commission and decommission the mill at the Bateman Gold Project for the bulk sample program and related underground development and drilling. This was offset by $7.4 million in proceeds recognized from the sale of precious metals.

[12] The 2019 preliminary economic assessment for the Project is not current and should not be relied upon.

OPERATING RESULTS (in Canadian dollars, in thousands)

	Three Months Ended			Year Ended		
For the years ended	December 31, 2020	December 31, 2019	Change	December 31, 2020	December 31, 2019	Change
Exploration and evaluation expenditures, net	$ 3,217	$ 3,200	$ 17	$ 12,508	$ 12,343	$ 165
General and administrative	2,518	1,289	1,229	5,429	5,031	398
Share based compensation	795	474	321	1,491	1,272	219
Depreciation	522	323	199	1,598	1,391	207
Loss before other items	7,052	5,286	1,766	21,026	20,037	989
Disposal of fixed assets	2,658	-	2,658	2,658	-	2,658
Interest and other expense	187	747	(560)	2,296	1,981	315
Foreign exchange losses/(gains)	80	135	(55)	133	(14)	147
Fair value gains	(79)	(38)	(41)	(206)	(194)	(12)
Loss before income taxes	9,898	6,130	3,768	25,907	21,810	4,097
Deferred income tax recovery	(514)	-	(514)	(1,482)	(715)	(767)
Loss and comprehensive loss for the year	$ 9,384	$ 6,130	$ 3,254	$ 24,425	$ 21,095	$ 3,330
Basic and fully diluted loss per common share	$ 0.07	$ 0.07	$ 0.00	$ 0.23	$ 0.28	$ (0.05)

Year ended December 31, 2020 compared to the year ended December 30, 2019

For the year ended December 31, 2020 the Company had a net loss and comprehensive loss of $24.4 million and a net loss per share of $0.23 compared to net loss and comprehensive loss of $21.1 million and a net loss per share of $0.28 for in 2019, a decrease of $3.3 million year-over-year.

Significant factors in changes in line items were as follows:

- Exploration and evaluation expenditures were consistent with the Company's plan for bringing the Project into development increasing on a net basis by $0.2 million in the year ended December 31, 2020 compared to the same period in the prior year, primarily due to the costs of the Feasibility Study compared to costs of the preliminary economic assessment in 2019, exploration drilling costs at the Bateman Gold Project and surrounding regional targets;

- General and administrative expenditures increased by $0.4 million for the year ended December 31, 2020, primarily due to compensation costs, increased professional fees and investor relations activity in 2020;

- Share based compensation increased by $0.2 million in year ended December 31, 2020, primarily due variation in option fair market values;

- Disposal of fixed assets increased by $2.7 million compared to 2019 primarily due to camp buildings that were demolished and mine site equipment deemed inoperable;

- Interest and other expenses increased by $0.3 million for the year compared to same period in 2019 primarily due to debt modification charges and transaction charges, offset by lower interest on leased equipment;

- Foreign exchange losses increased from a gain to a loss in the year ended December 31, 2020 by $0.1 million due to transactional foreign exchange differences; and

- Deferred income tax recovery increased in the year by $0.8 million compared to 2019 due to timing of expenditures made in relation to flow-through financing.

OPERATING RESULTS (in Canadian dollars, in thousands) *(continued)*

Fourth Quarter

For the three-month period ended December 31, 2020 the Company's net loss and comprehensive loss increased by $3.3 million, totalling $9.4 million and a net loss per share of $0.07 compared to a net loss and comprehensive loss of $6.1 million and a net loss per share of $0.07 for the quarter ended ending December 31, 2019.

Significant factors in changes in line items were as follows:

- Exploration and evaluation expenditures increased immaterially in the quarter ended December 31, 2020 compared to the same period in the prior year based on activity at the Bateman Gold Project and surrounding regional targets;

- General and administrative expenditures increased by $1.2 million for the quarter ended December 31, 2020, primarily due to compensation costs, increased professional fees and investor relations activity in 2020;

- Share based compensation increased by $0.3 million in quarter ended December 31, 2020 and primarily due variation in option fair market values;

- Disposal of fixed assets increased by $2.7 million in the fourth quarter of 2020 compared to same period in 2019 primarily due to camp buildings that were demolished and mine site equipment deemed inoperable;

- Interest and other expenses decreased by $0.6 million for the quarter compared to same period in 2019 primarily due to lower interest on leased equipment; and

- Deferred income tax recovery increased in the quarter by $0.5 million compared to 2019 due to timing of expenditures made in relation to flow-through financing.

SUMMARY OF YEARLY RESULTS (in Canadian dollars, in thousands)

	2020 Fourth Quarter	2020 Third Quarter	2020 Second Quarter	2020 First Quarter	2019 Fourth Quarter	2019 Third Quarter	2019 Second Quarter	2019 First Quarter
Interest and other income (expense)	$ (187)	$ (437)	$ (1,309)	$ (363)	$ (747)	$ (557)	$ (388)	$ (289)
Comprehensive (loss)	(9,384)	(4,506)	(5,887)	(4,649)	(6,130)	(4,743)	(5,528)	(4,694)
Basic and fully diluted net income (loss) per share	$ (0.07)	$ (0.04)	$ (0.06)	$ (0.05)	$ (0.07)	$ (0.06)	$ (0.08)	$ (0.07)

Factors generally causing significant variations in results between years include share-based compensation, exploration and evaluation expenditures, fair value adjustments and foreign exchange gains and losses. See operating results, above, for discussion of movement in net income (loss) and comprehensive income (loss) for the year ended December 31, 2020 as compared to the same period in 2019.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Working Capital (in Canadian dollars, in thousands)[13]

For the year ended	December 31, 2020	December 31, 2019
Current assets	$ 47,697	$ 14,563
Current liabilities	5,235	15,714
Working capital	$ 42,462	$ (1,151)

The Company had working capital (see definition below in Non-GAAP Performance Measures) of $42.5 million as of December 31, 2020 compared to a working capital deficiency of $1.2 million as of December 31, 2019. Working capital increased in the year ended December 31, 2020 by $43.7 million primarily due to the February and August Offerings in 2020 and renegotiation of the Company's loan facility maturity to December 31, 2021, offset by cash outflows from operating activities resulting from exploration activities at the Bateman Gold Project.

In management's view, the Company has sufficient financial resources to develop the Bateman Gold Project in accordance with its plans and fund ongoing operating and administrative expenditures in coordination with the Credit Facility for the 2021 fiscal year. The Company has, in the past, financed its activities by raising capital through equity issuances and other financing measures such as debt financing. Many factors influence the ability to raise funds, including the current economic climate for and overall sentiment towards mineral exploration investment, COVID-19 economic uncertainty (see "Risks and Uncertainties"), the Company's track record and the experience and caliber of its management. Although the Company has been able to access external financing to-date, there can be no assurance that funding will be available in the future or available on acceptable terms.

A continuous review of capital expenditure programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash and maintain adequate working capital. The Company's future is dependent upon its ability to obtain sufficient cash from external financing to fund its ongoing operations, Loan Facility repayment and ultimate development of the Bateman Gold Project.

The Company will continue to be dependent on raising equity capital or debt, in addition to adjusting expenditures and disposing of assets as required unless it reaches the commercial production stage and generates ongoing cash flow from operations.

Cash Flows

For the year ended December 31, 2020, the Company had net cash inflows of $33.0 million compared to net cash inflows of $2.9 million in the year ended December 31, 2019, an increase of $30.1 million. The change is primarily attributed to completion of the February and August Offerings noted below, offset by operating activities at the Bateman Gold Project.

Operating Activities

Net cash used in operating activities was $15.8 million for the year ended December 31, 2020 compared with net cash used in operating activities of $18.1 million in 2019, representing a net decrease from

[13] "Working Capital" is a non-IFRS Performance Measure (see "Non-IFRS Performance Measures").

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES *(continued)*

Operating Activities (continued)

operating activities of $2.3 million. The decrease in cash used in operating activities is primarily attributed to payments made for operating expenditures at the Bateman Gold Project, offset by the disposal of property, plant and equipment and increase in accounts payable and accrued liabilities.

Financing Activities

Cash generated in financing activities was $51.7 million for the year ended December 31, 2020 compared with cash generated in financing activities of $14.9 million for the year ended December 31, 2019. The cash generated was $36.8 million higher compared to same period in prior year due to the completion of a combined $70.4 million in equity financing noted below.

On August 19, 2020, the Company and a syndicate of underwriters (collectively, the "Underwriters"), entered into an agreement pursuant to which the Underwriters agreed to purchase on a bought deal basis. The Underwriters have agreed to purchase, on a bought deal basis (i) 30,064,250 common of the Battle North Gold Corporation at a price of $1.85 per Common Share (the "Common Share Offering Price"); and (ii) 2,145,555 Common Shares to be issued as "flow-through shares" (the "Flow-Through Shares") with respect to "Canadian exploration expenses" ("CEE") within the meaning of the Income Tax Act (Canada) at a price of $2.68 per Flow-Through Share (the "Flow-Through Offering Price") (collectively, the "August Offering"). The gross proceeds of the August Offering were $61.4 million.

On February 27, 2020, the Company closed public flow-through share offering of 6,294,000 common shares on a "flow-through" basis under the Income Tax Act (Canada) at a price of $1.43 per flow-through share for aggregate gross proceeds of approximately $9.0 million (the "February Offering"). The Company agreed to renounce such CEE to the purchasers of the Flow-Through Shares from the February Offering and August Offering with an effective date of no later than December 31, 2020. On July 10, 2020, the federal Department of Finance announced proposals to protect jobs and safe operations of junior mining exploration and other flow-through share issuers by extending the period to incur eligible expenses to meet the requirements of the flow through offering by 12 months. The Company has determined this pronouncement will not be material to its operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as of December 31, 2020.

PROVISION FOR CLOSURE AND RECLAMATION

The Company has an obligation to close and rehabilitate the Bateman Gold Project site upon its abandonment. The provision for closure and reclamation as of December 31, 2020 is $7.7 million (December 31, 2019 - $7.7 million). As of November 5, 2020, the Company has a surety bond in place with coverage in excess of the current $7.7 million liability estimate for closure and reclamation. The surety bond is guaranteed through to April 10, 2021 contingent on the Company making the related premium payments over this period. While the Company is actively evaluating options to renew, replace or otherwise refinance the surety bond, there can be no assurance of that outcome.

COMMITMENTS AND CONTINGENCIES

The Company is required to make certain cash payments and incur exploration costs to maintain its mineral properties in good standing. These payments and costs are at the Company's discretion and are based upon available financial resources and the exploration merits of the mineral properties which are evaluated on a periodic basis.

On December 21, 2020, the Company executed a binding Commitment Letter with Macquarie for a Credit Facility to be used to fund the construction of the Bateman Gold Project. See "Company 2020 Highlights and 2021 Outlook – Project Funding" for details.

TRANSACTIONS WITH RELATED PARTIES

Disclosed below are details of the transactions between the Company and other related parties, including transactions with the Company's officers and directors (in Canadian dollars, in thousands).

Key management personnel compensation (in Canadian dollars, in thousands)

Compensation	December 31, 2020	December 31, 2019
Salaries, directors' fees and benefits	$ 3,978	$ 2,918
Share-based payments	696	991
Total	$ 4,674	$ 3,909

Certain members from the Company's Board of Directors (the "**Board**") and management team participated in the February Offering.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. However, actual results could differ materially from these estimates. The significant areas of estimation and uncertainty considered by management in preparing the consolidated annual financial statements for the year ended December 31, 2020 are the same as those described in the Company's annual financial statements for the year ended December 31, 2019 except as noted below due to coronavirus ("COVID-19").

Impairment of non-current non-financial assets

The Company reviews and evaluates the carrying value of each of its non-current non-financial assets for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. The identification of such events or changes and the performance of the assessment requires significant judgment. Furthermore, management's estimates of many of the factors relevant to completing this assessment, including commodity prices, Mineral Reserves and Mineral Resources, and operating, capital and reclamation costs, are subject to risks, uncertainties and contingencies that may further affect the determination of the recoverability of the carrying amounts of its non-current non-financial assets.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

Significant accounting judgments and sources of estimation uncertainty *(continued)*

Impairment of non-current non-financial assets (continued)

At each reporting period, management reviews property plant and equipment for indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal 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.

Fair value of property, plant and equipment 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, using a post-tax discount rate. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal, using a pre-tax discount rate.

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. Impairment is normally assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets other than goodwill that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. If any such indicators exist the asset's recoverable amount is estimated. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, gold prices, mine plan estimates, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the 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 assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of income. Management considers factors such as the technical feasibility of a project, its future financing, and a board decision to proceed with a project as part of the determination of whether there is an indicator of reversal. As at December 31, 2020, management's impairment assessment did not result in the identification of any impairment indicators or identification of impairment reversals.

Flow-through Shares

Periodically, the Company finances a portion of its exploration and development activities through the issuance of flow-through common shares whereby the tax benefits of the eligible resource expenditures incurred are renounced to investors in accordance with tax legislation. The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the fair value of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium and is reversed and recognized as an income tax recovery as the related resource expenditures are incurred

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

Significant accounting judgments and sources of estimation uncertainty *(continued)*

Flow-through Shares *(continued)*

and the tax effect of the temporary differences is recorded. The net difference between the liability and the value of the tax assets renounced is reported as deferred tax recovery.

Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation, including the judgments around the use of flow-through share financing. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

COVID-19 Economic Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far-reaching. To date there have been significant stock market declines and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for commodities, on the Company's suppliers, its employees and on global financial markets.

To-date mining has been considered an essential business under guidelines of the Government of Ontario and the Company continues to operate. During the year ended December 31, 2020, the Company made efforts to safeguard the health of the Company's employees, while continuing to operate safely and responsibly maintain employment and economic activity. The Company completed various scenario planning analyses to consider potential impacts of COVID-19 on its business, including temporary disruptions and/or curtailments of operating activities (voluntary or involuntary) and determined that no material action was necessary at this time. These measures combined with commodity market fluctuations resulting from COVID-19 have not materially affected the Company's financial results.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to standards issued but not yet effective

International Accounting Standard ("IAS") 16 – Property, Plant and Equipment

On May 14, 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The change amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. There is no material impact to the Company at this time, but the Company will review in conjunction with its development decision on the Bateman Gold Project.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to standards issued but not yet effective *(continued)*

IAS 1 – Presentation of Financial Statements

Issued on May 2012 and deferred to years beginning on or after January 1, 20213, proposed amendments to IAS 1.73 are to clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms.

FINANCIAL INSTRUMENTS

Financial instrument risks

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of non-payment of cash and cash equivalents at December 31, 2020 which amounted to $46,745 (December 31, 2019 - $13,743). These cash and cash equivalents and short-term investments are held on deposit with major Canadian banks or in bank guaranteed investment certificates which are guaranteed by a major Canadian banks. As the Company's policy is to limit excess cash investments to deposits or investments with or guaranteed by major Canadian banks or the federal or a provincial government, the credit risk is considered by management to be negligible.

The Company's credit risk exposure from accounts receivable, excluding HST refunds, at December 31, 2020 is considered immaterial (December 31, 2019 - immaterial).

Liquidity Risk

The Company's liquidity risk from financial instruments is its need to meet operating accounts payable requirements, commitments, lease obligations, and debt service payments. The Company has no significant sources of revenue, has a historic deficit of $825,073 (2019: $800,648), and is dependent on financing to fund its operations. In addition, as the Company is in the advanced exploration stage, it is subject to the risks, uncertainties and challenges similar to other companies in a comparable stage of exploration. These include, but are not limited to, the Loan Facility due December 31, 2021, the continuation of losses in future periods; the ability to raise sufficient funds to continue its exploration programs, and on acceptable commercial terms; the ability to establish the economic viability of mineral deposits on any of its mining properties; the acquisition of required permits to mine; and the attainment of profitable operations.

Foreign Exchange Risk

Foreign exchange risk is the risk that fluctuations in foreign exchange rates may have an effect on future cash flows associated with the Company's US dollar denominated cash balances. Fluctuations in the CAD/USD exchange rate may result in a decrease or increase in foreign exchange income or expense. A change in the CAD/USD exchange rate of 1.0% on the December 31, 2020 US dollar denominated balances related to the cash balances would result in a change to net loss of approximately $2.

FINANCIAL INSTRUMENTS *(continued)*

Financial instrument risks *(continued)*

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these investments are in high interest savings accounts and guaranteed investment certificates with pre-determined fixed yields.

A difference in interest rates of 1.0%, on the December 31, 2020 average balance of cash and cash equivalents and short-term investments, over the period, would result in a change to net loss of approximately $458.

OUTSTANDING SHARE DATA

As at March 9, 2021 the Company had the following securities outstanding: (i) 129,282,752 common shares of the Company; and (ii) 10,351,527 stock options to purchase common shares of the Company at a weighted average exercise price of $1.57 per option. On a fully diluted basis, the Company would have 139,634,279 common shares of the Company issued and outstanding, after giving effect to the exercise of the options of the Company that are outstanding.

NON-IFRS PERFORMANCE MEASURES

The Company uses the working capital performance measure in its analysis. This performance measure has no standardized meaning within generally accepted accounting principles under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other companies. This data 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.

Management believes working capital is a valuable indicator of liquidity. Working capital is calculated by deducting current liabilities from current assets. Current Liabilities and current assets are the two most directly comparable measures prepared in accordance with IFRS.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Disclosure controls and procedures

Disclosure controls and procedures ("**DCP**") have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis.

Management of the Company, under supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of disclosure controls and procedures and has evaluated the effectiveness of the Company's DCP and has concluded that they were effective as at December 31, 2020.

Internal control over financial reporting

The Company's internal control over financial reporting ("**ICFR**") is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS *(continued)*

Control Framework

Management has used the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in order to assess the effectiveness of the Company's internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND OTHER MATTERS

Cautionary Statement Regarding Forward-looking Statements

All statements, other than statements of historical fact, contained or incorporated by reference in this MD&A and accompanying financial statements, including any information as to the outlook and future performance of the Company, constitute "forward-looking statements" and "forward looking information" (collectively, "**forward-looking statements**") within the meaning of applicable Canadian and United States securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "assumption", "believes", "contemplated", "contingencies", "could", "demonstrated", "dependent", "de-risked", "designed", "development", "efforts", "emerging", "estimate", "evaluating", "expects", "exploration", "feasibility", "focused", "future", "indicated", "inferred", "initial", "intended", "likely", "may", "measures", "next", "ongoing", "opportunities", "option", "outlook", "path", "plan", "potential", "preliminary", "probable", "profile", "program", "progressing", "project", "projection", "provision", "risk", "safeguard", "shovel-ready", "strategic", "study", "target", "uncertainties", "upgraded", "view" and "will", or variations of such words, and similar such words, expressions or statements that certain actions, events or results can, could, may, should, will (or not) be achieved, occur or result in the future. In some cases, forward-looking information may be stated in the present tense, such as in respect of current matters that may be continuing, or that may have a future impact or effect. Forward-looking statements include statements regarding use of proceeds from the February Offering and the August Offering including required renunciation of CEE; Mineral Reserve and Mineral Resource estimates (including those in the Feasibility Study, the McFinley MRE and the anticipated Mineral Resource estimates for the Pen Zone, expanding any such estimates) and any other mineralization including the String of Pearls (including any future Mineral Resource estimates therefor or incremental mill feed therefrom); mine plans and life; mill capacity; the results of the Feasibility Study and the PEA (including any financial and/or economic metrics and results, such as return on capital (including internal rate of return or IRR), payback period, NPV, free cash flow (FCF), cut-off grade, production and mill head grade profile, gold production (payable or otherwise), capital and operating costs, life of mine (or LOM), estimated tonnes and grade, plans, timelines (including pre-Commercial Production (or pre-CP) and Commercial Production (or CP) periods), closure costs, and other results of the Feasibility Study and the PEA (all of which are estimates only) and impact thereon of existing infrastructure and planned and historical activities, future infill and step-out drilling of the F2 Gold Deposit and exploration programs at the String of Pearl's (including the McFinley and Pen Zones) and Red Lake Properties (including incremental tonnes or mill feed therefrom or other impacts thereof), geological and structural modelling (including understanding of deposit geology including openness along strike and at depth); the 2021 development and construction plans at the Project (including activities (such as underground development; construction of an ammonia reactor; upgrades to the TMF, camp and mill; purchase of

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND OTHER MATTERS *(continued)*

Cautionary Statement Regarding Forward-looking Statements *(continued)*

stationary and mobile equipment; continued infill drilling; and site maintenance), timing or schedules for advancing and completing such activities, related costs and expenditures and funding thereof, and milestones (including processing of ore, pouring first gold and Commercial Production, and the prospective timing thereof); the Feasibility Study and results thereof (including development and construction plans and schedules and forecast expenditures); and Red Lake regional exploration programs (including any future updates thereon); Project feasibility and viability; closure and reclamation (including activities, expenditures, costs and provisions, and timing thereof); 2021 exploration plans and programs including drilling of targets on the Company's regional Red Lake Properties and the prospectivity of such targets; the Credit Facility (including completion thereof and impact on funding the Project); funding of the Project including to Commercial Production; future gold price and USD/CAD exchange (or FX) rates; the sufficiency of the Company's financial resources to carry our its planned activities in 2021; renewal, replacement or refinancing of the current closure and reclamation surety bond; and health, safety and security safeguards, measures or protections, and other protocols, implemented by the Company's (or in the works) in response to COVID-19, and the Company's ability to respond in the future to that situation, including the implementation any new such or other measures or protections and the impact thereof.

Forward-looking statements are based on assumptions, estimates, expectations and opinions, which are considered reasonable and represent best judgment based on available facts, as of the date such statements are made. If such assumptions, estimates, expectations and opinions prove to be incorrect, actual and future results may be materially different than expressed or implied in the forward-looking statements. The assumptions, estimates, expectations and opinions referenced, contained or incorporated by reference in this MD&A and accompanying financial statements, which may prove to be incorrect include those set forth herein and the accompanying financial statements, the AIF and the 2021 Technical Report, as well as: (1) permitting, exploration and development at the Project being consistent with the Company's current expectations including the maintenance of existing permits, licenses and other approvals and the timely receipt of other permits, licenses and other approvals necessary from time–to–time; (2) political and legal developments being consistent with its current expectations; (3) the completion of necessary work, evaluations and studies, and provision of services, on the timelines currently expected (notwithstanding the risks, uncertainties, contingencies and other factors described below including COVID-19) and the results being consistent with the Company's current expectations; (4) development and construction at the Project being consistent with the Company's expectations including budget, forecast cost and expenditures, and schedule thereof; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current expectations; (6) price assumptions for gold; (7) prices for diesel, natural gas, electricity and other key supplies being approximately consistent with current levels; (8) the accuracy of the Mineral Reserve and Mineral Resource estimates in the 2021 Technical Report (including ore tonnage and grade estimates) and the Company's internal models; (9) labour and materials costs being consistent with the Company's current expectations; (10) continuing amenable relations with key stakeholders including local communities and First Nations; (11) the closing of the Credit Facility substantially on the terms of the Commitment Letter previously announced; and (12) the Company's ability to meet future debt obligations and/or complete future financings to raise additional capital as and when needed to fund ongoing operations and construction of the Project.

Forward-looking statements are inherently subject to known and unknown risks, uncertainties, contingencies and other factors which may cause the actual results, performance or achievements of Battle North to be materially different from any future results, performance or achievements expressed

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND OTHER MATTERS *(continued)*

Cautionary Statement Regarding Forward-looking Statements *(continued)*

or implied by the forward-looking statements. Such risks, uncertainties, contingencies and other factors include, among others: not closing the Credit Facility; the sufficiency of the proceeds of the Credit Facility, together with cash currently on the Company's balance sheet, to fund the Project to Commercial Production; gold price fluctuations; possible variations in mineralization, grade or recovery or throughput rates; uncertainty of Mineral Reserve and Mineral Resource estimates; inability to realize exploration potential, mineral grades and mineral recovery estimates; actual results of exploration activities including their impact; delays in completion of exploration and other drilling or plans, and any modelling, re-interpretations or studies, for any reason including insufficient capital and other risks, uncertainties, contingencies and factors identified herein; labour issues at the Company or third parties, such as government and regulatory agencies, suppliers and service providers, including labour shortages and/or work curtailments or stoppages as may result from COVID-19; conclusions of economic, geological or structural evaluations and models including those reflected in the Project's Feasibility Study and Mineral Reserve and Mineral Resource estimates; changes in Project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; accidents and other risks of the mining industry; delays and other risks related to operations; the ability to obtain and maintain permits and other regulatory approvals (as well as the timing and terms thereof) and to comply with such permits, approvals and other applicable regulatory requirements; the ability of Battle North to comply with its obligations under material agreements including Project development and construction contracts and any current or future financing agreements; the availability of financing for proposed programs and working capital requirements on reasonable terms and in a timely manner; the ability to close the Credit Facility substantially on the terms of the Commitment Letter previously announced; the ability to meet, repay, or refinance, or replace, or renegotiate current and future debt obligations on reasonable terms and in a timely manner including the closure and reclamation surety bond; the ability of third-party service providers and other suppliers to deliver on reasonable terms and in a timely manner; risks associated with the ability to retain key executives and key operating personnel; cost of environmental expenditures and potential environmental liabilities; relations with local communities including First Nations; failure of plant, equipment or processes to operate as anticipated; cost of supplies; market conditions and general business, economic, competitive, political and social conditions; our ability to generate sufficient cash flow from operations or obtain adequate financing to fund our capital expenditures and working capital needs and meet our other obligations; the volatility of the Company's share price, and the ability of our common shares to remain listed and traded on the TSX; epidemics, pandemics and other public health crises, including COVID-19 or similar such viruses; the impact of any merger, acquisition or other strategic transaction involving the Company including any acquisition or other change in control of the Company; the "Risk Factors" in the AIF as well as the risks, uncertainties, contingencies and other factors identified in the 2021 Technical Report, the Cautionary Statements in the Company's news releases cited in this MD&A (the "**Cited News Release**"), copies of which are available under the Company's profile at www.sedar.com and on its website at www.battlenorthgold.com, and those identified elsewhere in this MD&A (See "Risks and Uncertainties", "Critical Accounting Judgments and Estimates" and "Financial Condition, Liquidity and Capital Resources") and accompanying financial statements (including "Financial instrument risks"). The foregoing list of risks, uncertainties, contingencies and other factors is not exhaustive; readers should consult the more complete discussion of the Company's business, financial condition and prospects that is provided in the AIF.

The forward-looking statements referenced or contained herein and the accompanying financial statements are expressly qualified by these Cautionary Statements as well as the Cautionary Statements in the AIF, the 2021 Technical Report and the Cited News Releases. Forward-looking statements

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND OTHER MATTERS *(continued)*

Cautionary Statement Regarding Forward-looking Statements *(continued)*

contained herein and the accompanying financial statements are made as of the specified date and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable laws.

Cautionary Statement Regarding Mineral Resources

Until mineral deposits are actually mined and processed, mineral resources are estimates only. Mineral resource estimates that are not Mineral Reserves do not have demonstrated economic viability. The estimation of mineral resources is inherently uncertain, involves subjective judgement about many relevant factors and may be materially affected by, among other things, environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant risks, uncertainties, contingencies and other factors described in the foregoing Cautionary Statements and elsewhere this MD&A (See "Risks and Uncertainties", "Critical Accounting Judgments and Estimates" and "Financial Condition, Liquidity and Capital Resources") and accompanying financial statements as well as in the 2020 AIF and Updated 2020 Technical Report. The quantity and grade of reported "Inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "Inferred" mineral resource estimates as an "Indicated" or "Measured" mineral resource and it is uncertain if further exploration will result in upgrading (or converting) "Inferred" mineral resource estimates to an "Indicated" or "Measured" mineral resource category. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral resource estimates may have to be re-estimated based on, among other things: (i) fluctuations in mineral prices; (ii) results of drilling and development; (iii) results of test stoping and other testing; (iv) metallurgical testing and other studies; (v) results of geological and structural modeling including stope design; (vi) proposed mining operations, including dilution; (vii) the evaluation of mine plans subsequent to the date of any estimates; and (viii) the possible failure to receive required permits, licenses and other approvals. The mineral resources estimates referenced in this MD&A and accompanying financial statements were reported using Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves in accordance with National Instrument 43-101 of the Canadian Securities Administrators ("**NI 43-101**").

Cautionary Statement to U.S. Readers

This MD&A has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Information concerning descriptions of mineralization and mineral resources estimates contained in this MD&A may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the United States Securities and Exchange Commission ("**SEC**") under applicable United States securities laws. Canadian reporting requirements for disclosure of mineral properties are governed by NI 43-101. The definitions used in NI 43-101 differ from the definitions under applicable United States securities laws. For example, this MD&A uses the terms "Measured" and "Indicated" mineral resources and "Inferred" mineral resources which, while defined by NI 43-101 and recognized and required by the Canadian Securities Administrators, are not recognized by the SEC. The estimation of "Measured", "Indicated" and "Inferred" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of a "Reserve". The estimation of "Inferred" mineral resources involves far greater uncertainty as to their existence and economic viability than the estimation of other

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND OTHER MATTERS *(continued)*

Cautionary Statement to U.S. Readers *(continued)*

categories of mineral resources. It cannot be assumed that all or any part of a “Measured”, “Indicated” or “Inferred” mineral resource estimate will ever be upgraded (or converted) to a higher category.

It should not be assumed that any part or all of a “Measured”, “Indicated” or “Inferred” mineral resource estimate exists or is economically or legally mineable. Under Canadian securities laws, estimates of “Inferred” mineral resources may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. The SEC normally only permits issuers to report mineralization that does not constitute “Reserves” as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a “Reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the “Reserve” determination is made.

APPROVAL

The Audit Committee on behalf of the Board of Directors has approved the disclosure contained in this MD&A.