

# HANNAN METALS LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020

This discussion and analysis of financial position and results of operation is prepared as at January 28, 2021 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended November 30, 2020 of Hannan Metals Ltd. ("Hannan" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

### Forward-looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) or the Company's website [www.hannanmetals.com](http://www.hannanmetals.com) and readers are urged to review these materials.

### COVID-19

On March 11, 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. A state of emergency in Peru has been in place since March 16, 2020 under which Peru enacted mandatory quarantine and all borders were closed. In June 2020 the Peruvian government began to ease lock-down restrictions on the country's mining sector, with a phased restart of activities. All work requires the implementation of health protocols including self-distancing, disinfection procedures, use of protective masks and COVID-19 testing. Activities in Ireland have been restricted to minimal care and maintenance levels.

The Company has implemented safety and physical distancing procedures, including working from home and continuing desktop and office work remotely where possible. In Peru, local social work continues to build on relationships remotely with existing stakeholders. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments, however the Company remains well funded and will have Peruvian teams back in the field when it is safe and appropriate to do so.

## Company Overview

The Company currently is a reporting issuer in British Columbia and Alberta. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and trade under the symbol "HAN". The Company's principal, registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is a copper-silver-gold exploration company opening up search spaces in new frontiers with 1,869 square kilometres (186,900 hectares) of mineral tenure (granted concessions and applications) in Peru. Hannan is a top 10 concession holder in a country which is dominated by some of the world's largest exploration and mining companies. Hannan stands out as one of the very few juniors to acquire such a significant land position.

Hannan's projects include:

- 660 sq km of mining concessions prospective for copper-silver and optioned and joint ventured in the San Martin district in Northern Peru with Japan Oil, Gas and Metals National Corporation ("JOGMEC"), as announced on November 30, 2020 ("San Martin JV Project"). Under the JOGMEC Agreement, JOGMEC has the option to earn up to a 75% beneficial interest in the San Martin JV Project by spending up to US \$35,000,000 to deliver to the joint venture a feasibility study;
- 278 sq km of mining concessions prospective for copper-silver 100% owned by Hannan in the San Martin area for sediment-hosted copper and silver, outside of current joint venture areas ("San Martin Hannan Project");
- 932 sq km of mining concessions prospective for copper-gold 100% owned by Hannan prospective for back-arc alkalic high level porphyry copper-gold systems (the "Ucayali Project") in central-eastern Peru;
- Hannan also has 100% ownership of the County Clare project in Ireland.

Over the last decade, the team behind Hannan has forged a long and successful record of discovering, financing and advancing mineral projects in Europe and Peru.

During the six months ended November 30, 2020 the Company completed a private placement for proceeds of \$1,000,000 and received a further \$543,902 on the exercise of warrants and share options. See also "Financial Condition/Capital Resources".

## Property Update

### *San Martin JV Project (Copper-Silver, Peru, 88 mining concessions for 660 sq km)*

The San Martin Project is located in north-eastern Peru. Project access is excellent via a proximal paved highway, while the altitude ranges from 400 metres to 1,600 metres in a region of high rainfall and predominantly forest cover. Hannan has staked a total of 87 mineral concessions for a total of 65,600 ha (656 sq kms), covering multiple trends within a 120 km of combined strike for sedimentary-hosted copper-silver mineralization. A total of 43 granted mining concessions for 329 sq km have been granted, while the remainder remain under application.

On November 30, 2020 Hannan announced that it had signed a binding letter agreement for a significant Option and Joint Venture Agreement (the "Agreement") with JOGMEC. Under the Agreement, JOGMEC has the option to earn up to a 75% beneficial interest in the San Martin Project by spending up to US \$35,000,000 to deliver to the joint venture ("JV") a feasibility study.

The Agreement grants JOGMEC the option to earn an initial 51% ownership interest by funding US \$8,000,000 in project expenditures at San Martin over a four-year period, subject to acceleration at JOGMEC's discretion. JOGMEC's minimum commitment is to fund US \$1,000,000 from April 1, 2020 to March 31, 2021 and JOGMEC has agreed to reimburse the Company for all project related costs from April 1, 2020. JOGMEC, at its election, can then earn:

- an additional 16% interest for a total 67% ownership interest by achieving either a prefeasibility study or funding a further US \$12,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$20,000,000 total expenditure); and,
- subject to owning a 67% interest, a further 8% interest for a total 75% ownership interest by achieving either a feasibility study or funding a further US \$15,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$35,000,000 total expenditure).

Should JOGMEC not proceed to a prefeasibility study or spend US \$20,000,000 in total, Hannan shall have the right to purchase from JOGMEC for the sum of US \$1, a two percent (2%) Participating Interest, whereby Hannan's Participating Interest will be increased to fifty-one percent (51%) and JOGMEC's Participating Interest will be reduced to forty-nine percent (49%). At the completion of a feasibility study, JOGMEC has the right to either:

- purchase up to an additional ten percent (10%) Participating Interest from Hannan Metals (for a total 85% maximum capped Participating Interest) at fair value as determined in accordance with internationally recognized professional standards by an agreed upon independent third-party valuator; or
- receive up to an additional ten percent (10%) Participating Interest from Hannan (for a total 85% maximum capped Participating Interest) in consideration of JOGMEC's agreement to fund development of the project, by loan carrying Hannan until the San Martin Project generates positive cash flow.

After US \$35,000,000 has been spent by JOGMEC and before a feasibility study has been achieved, both parties will fund expenditures pro rata or dilute via a standard industry dilution formula. If the Participating Interest in the Joint Venture of any party is diluted to less than 5% then that party's Participating Interest will be automatically converted to a 2.0% net smelter royalty ("NSR"), and the other party may at any time purchase 1.0% of the 2.0% NSR for a cash payment of US \$1,000,000. Hannan will manage exploration at least until JOGMEC earns a 51% interest, after which the majority participant interest holder will be entitled to act as the operator of the joint venture. Initial exploration activities will focus on the collection of the geological, geophysical, and geochemical datasets in the JV project areas. The first phase of exploration is expected to conclude March 2021.

The San Martin Project covers a new, basin-scale high-grade sediment-hosted copper-silver system situated along the foreland region of the eastern Andes Mountains. Geologically, analogues include the Spar Lake sediment hosted copper-silver deposit in Montana and the vast Kupferschiefer deposits in Eastern Europe where KGHM Polska Miedz ("KGHM") operates the largest silver producing mine in the world, more than twice the production of any other operation, and also the sixth biggest copper miner on earth. Sediment-hosted stratiform copper-silver deposits are among the two most important copper sources in the world, the other being copper porphyries.

Hannan recognized the significant potential for large copper-silver deposits in this part of Peru and has aggressively staked a commanding position of prospective where mineralized outcrops and boulders have been discovered in context with a consistent mineralized horizon geology over 120 kilometres of combined strike. Results from outcrop channel sampling, located 20 kilometres apart, from the southern Sacanche area include 3 metres @ 2.5% copper and 22g/t silver and 2 metres @ 5.9% copper and 66g/t silver. Exploration potential for the area is highlighted at four separate areas at Tabalosos, located 80 kilometres north of Sacanche, where high-grade copper and silver mineralization has been discovered over 15 kilometres of strike within at least 2 structural corridors. Grab samples from 19 mineralized boulders (>0.1% copper) range in grade from 0.1% to 8.3% copper and 0.2g/t silver to 109g/t silver with an average grade of 2.8% copper and 27.2g/t silver. Channel samples are considered representative of the in-situ mineralization samples and sample widths quoted approximate the true width of mineralization, while grab samples are selective by nature and are unlikely to represent average grades on the property.

San Martin encompass a newly identified, basin-scale high-grade copper-silver system situated along the foreland region of the eastern Andes Mountains in Peru and neighboring countries. Geologically, these share similarities with sedimentary copper-silver deposits including the vast Kupferschiefer deposit in Eastern Europe and deposits of the African Copper Belt situated in sub-Saharan Africa, two of the largest copper districts on earth. Hannan recognized the exceptional potential for large copper-silver deposits in this part of Peru and has aggressively staked a commanding land position.

### ***San Martin Hannan Project (Copper-Silver, Peru, 28 mining concessions for 277 sq km)***

Additionally, the Company has staked 28 mining concession applications for 278 sq km for copper-silver in the broader Huallaga Basin. The additional mining concession applications demonstrate the Company's strategy to open new search spaces and apply disruptive exploration models to previously unexplored terrain. The new areas were identified during a stereographic geological remote study using detailed terrain corrected topographic elevation data and the Sentinel-2 super-spectral satellite data from the European Space Agency (ESA). The resultant geological and target map highlighted the new stratabound 278 sq km of copper-silver target areas that were subsequently staked as the San Martin Hannan Project.

### *Ucayali Project (Copper-Gold, Peru, 96 mining concessions for 932 sq km)*

During the quarter, Hannan increased its Peruvian mineral tenure holdings to 1,869 square kilometres (186,900 hectares) by staking an additional 932 square kilometres prospective for back-arc alkalic high level porphyry copper-gold systems (the “Ucayali Project”) in central eastern Peru. With this increased tenure, Hannan becomes a top 10 concession holder in Peru (considering combined granted concessions and applications). The top 10 is dominated by some of the world’s largest exploration and mining companies and Hannan stands out as one of the very few juniors to acquire such a significant land position. These new areas will be explored alongside Hannan’s existing projects in San Martin, located approximately 250 kilometres north of Ucayali.

Hannan’s bold staking has led it to become a top 10 concession holder in Peru (considering combined granted concessions and applications). As of the end of 2020, in Peru there were a total of more than 15,000 companies or individuals who held more than 20 million hectares. Thirty-two holders have more than 1,000 sq km (100,000 Ha). The top ten Peruvian tenure holders average US \$50B market capitalization and combined hold 18.0% of the tenure held in Peru.

The Ucayali Project, which comprises 906 sq km of mining concession applications, demonstrates the Company’s strategy to open new search spaces and apply disruptive exploration models to previously unexplored terrain. The new areas were identified over the last six months via remote studies and reprocessing government Petroleum exploration data. The new search space is interpreted to be highly prospective for back-arc alkalic porphyry copper-gold systems. Historically, Ingenmet, Peru’s Geological, Mining and Metallurgical Institute, has identified late Oligocene to late Miocene age intrusions in these back arc settings close to Hannan’s new applications areas. Additionally, Hannan has staked 26 sq km mining concession applications prospective for gold in Peru.

Initial exploration announced during the quarter at Ucayali has focused on two areas: Previsto and Belen, about 20 kilometres apart, with both stream sediment and float sampling and subsequent TerraSpec® spectral analysis being undertaken.

- The work identified a large-scale hydrothermal system within a 6 kilometre x 3 kilometre area, that has the potential to host a porphyry copper-gold mineral system with an associated skarn.
- Multiple copper and gold mineralized float samples were identified within a 6 kilometre x 3 kilometre area defined by copper and gold anomalous stream sediment sampling. The best float sample assayed 25.6% copper and 28 g/t silver, sample 3703 from an interpreted supergene enrichment zone.
- Exploration focused on a range that extends 10 kilometres in a north-south direction. The trend remains open to the north, west and south.
- Copper and gold mineralized porphyritic intrusive rocks were identified within float samples in creeks with propylitic, phyllic, intermediate argillic and potassium alteration, together with iron oxides, copper oxides, pyrite, chalcocite, chalcocite and neotocite.
- At Belen, a second copper and gold anomalous target was identified 20 kilometres south of Previsto. The zone is defined by altered outcrops and copper and gold anomalous stream sediment samples.

At the Previsto Cu-Au target field observations suggests that the samples represent different parts of a mineralized copper-gold porphyry intrusion with an exposed zone of supergene enrichment, leach cap and phyllic, intermediate argillic and potassium alteration. To date, the source area of boulders and stream sediments anomalies is approximately 6 kilometres by 3 kilometres.

Eleven float (grab samples from river drainages) samples from Previsto ranged from 2.7 ppm copper to 25.6% copper, with an average grade of 23.7% copper and a median of 166.5 ppm copper, 1 ppb gold to 114 ppb gold, with an average grade of 20.1 ppb gold and 0.005 ppm silver to 28 ppm silver, with an average grade of 3.1 ppm silver. Float samples are selective by nature and are unlikely to represent average grades on the property.

Within the grab samples, the best copper results assayed 25.6% copper and 28 g/t silver (sample 3703) from semi-massive chalcocite float which is interpreted to be sourced from a zone of supergene enrichment. Minerals identified within grab samples by TerraSpec® spectral analysis clearly demonstrate hydrothermal alteration typical of a porphyry copper system, including: phyllic alteration with muscovite-paragonite-quartz, relict argillic alteration with a chlorite-muscovite assemblage. Macroscopically, relicts of secondary biotite were also observed. At this early stage, the paragenetic sequence of alteration appears to be potassic alteration (secondary biotite > potassium feldspar-magnetite), destroyed by the intermediate argillic alteration and later by phyllic alteration.

Mineralization consists of iron oxides, copper oxides, pyrite, chalcocite and neotocite. Gold and copper rich samples are associated with samples rich in potassium, interpreted to be related to white potassic feldspar and biotite. Potassium varies between 3-10% in copper-gold mineralized samples. Sodium varies between 0.2-4.2% and calcium between 0.06-5.2%.

Fourteen stream sediment samples from Previsto ranged from 9.0 ppm copper to 136 ppm copper, with an average grade of 29.1 ppm copper and 0 ppb gold to 404 ppb gold, with an average grade of 38.2 ppb gold. Stream sediment sampling is an early-stage exploration tool to cover large areas relatively quickly to identify smaller areas of interest to be followed up. The technique relies on sampling fine material in stream and creek beds that has been eroded from rocks in surrounding catchments, which represents a mixture of all the weathered material occurring upstream from the stream sediment sampling point. Copper and gold anomalism within stream sediment samples observed at Previsto is considered high.

At the Belen Cu-Au target, very early-stage field work has identified a second target 20 kilometres south of Previsto. Reconnaissance field work by Hannan at Belen has identified an outcrop of dioritic intrusive, with argillic alteration overprinting an earlier propylitic alteration (chlorite>epidote), with 10 centimetre wide hydrothermal magnetite veins. Two grab samples from the outcrop were taken and anomalous copper was observed in one sample (209 ppm copper, sample 3713).

Four stream sediment samples were taken from Belen and further work is required to cover to sample all the streams of the area. The most significant results are from the two southernmost catchments. These two catchments contain 10-17 ppm Cu and 1.5-11.4 ppb Au. The four samples from the Belen area ranged from 10.45 ppm copper to 17.3 ppm copper, with an average grade of 12.8 ppm copper and 0 ppb gold to 11.4 ppb gold, with an average grade of 3.4 ppb gold.

Further reconnaissance exploration at both Previsto and Belen will be undertaken over the coming months, with work focused on infilling stream sediment catchments at smaller scales, geological mapping and prospecting.

With reconnaissance field crews active on the Ucayali Project, further information on this and other new areas will be made as it becomes available. The time to grant mining concession applications in Peru takes up to one year. One hundred percent ownership of the Ucayali Project is held through Hannan subsidiaries or in trust via other private companies.

### ***Future Developments***

A field base has been established in Tarapoto, Peru and three field teams are active in San Martin JV Project conducting stream sediment sampling, prospecting, reconnaissance mapping and soil sampling. Initial drill permitting is also commencing.

Stream sediment sampling and reconnaissance mapping and prospecting will be undertaken on the San Martin Hannan Project over the next quarter.

Field crews are active on the Ucayali Project, and further information on this and other new areas will be made as it becomes available.

Social work continues with successful engagement with all key stakeholders from local communities to provincial leadership, over the large area. Hannan aims to have a transparent approach prior to, during and after technical field work. Hannan speaks to all stakeholders to gain authorization to conduct surface exploration. The Company has a dedicated social team and has hired local representatives and used local radio to inform a wider audience on the Company's plans.

### ***Clare Zinc-Lead-Silver Project, Ireland***

On January 9, 2017 the Company closed the acquisition of Hannan Metals BC Ltd. ("Hannan BC") which owns Hannan Metals Ireland Limited ("Hannan Ireland"). Hannan Ireland is currently the registered holder of a 100% interest in ten prospecting licences ("PLs") located in County Clare, Ireland (the "Licences"). Under a separate asset purchase agreement (the "Asset Purchase Agreement") between Hannan Ireland and Lundin Mining Exploration Limited ("Lundin"), an Irish subsidiary of Lundin Mining Corporation (TSX: LUN), Hannan Ireland purchased all exploration data associated with the Licences from Lundin. Hannan has now made all cash payments totalling

US \$1,000,000 to Lundin Mining Ltd to complete its purchase of the project. Lundin will retain a 2% net smelter return royalty on all sales of mineral products extracted from the project area, subject to certain buy back provisions. Hannan Ireland is also required to pay Lundin a one-time bonus payment of US \$5,000,000 within the earlier of (i) Hannan Ireland's decision to proceed with mine construction or (ii) within 90 days of the establishment of a commercial financing to finance capital costs for mine construction.

The Clare zinc-silver-lead-copper property (the "Clare Project") currently consists of ten PLs granted and issued by the Exploration and Mining Division ("EMD") of the Department of Communications, Climate Action and Environment in County Clare, Ireland. The western edge of the prospect area is 1.5km east of the town of Ennis. All prospecting licences of the Clare Project are 100% owned by Hannan Ireland.

The Irish base metal ore field is considered one of the world's best mineralized zinc provinces and is considered highly prospective for new zinc discoveries. In 2015 Ireland was the world's 10<sup>th</sup> largest zinc producing nation with 230,000 tonnes produced.

The Clare Project is underlain by Upper Devonian (sandstones) to Lower Carboniferous (sandstones and limestones) rocks. The stratigraphy appears simple; beds are the right way up and most of the major units are consistent in thickness across the property, however syn-rift and/or later structures complicate the geological framework. The stratigraphic succession of the Irish Lower Carboniferous is well constrained throughout, with the exception of the uppermost units. The axis of an open syncline runs southwest-northeast through the centre of the Clare Project. Beds dip at between 10 and 15 degrees towards the centre of the syncline. The Lower Carboniferous sequence includes the Waulsortian Limestone, which hosts most of Ireland's important zinc-lead sulphide deposits, such as the Lisheen (pre-mining resource 18.9 Mt @ 15.0% Zn+Pb) and Galmoy (pre-mining resource of 6.2 Mt @ 12.4% Zn+Pb) deposits. This data has been sourced from the Irish Exploration, Mining Division website <http://www.mineralsireland.ie/>. The Company has been unable to independently verify the information and states that the information is not necessarily indicative of the mineralization on the Clare Project.

The Clare Project has a rich history of small scale 19<sup>th</sup> century mining. Modern exploration efforts from the early-1960's, by Irish Base Metals, Rio-Finex, Central Mining Finance, Billiton and Belmore Resources Ltd followed up some of these earlier historic mines.

There are two known Waulsortian-hosted zinc-lead deposits on the property, the flagship Kilbricken prospect (see below) and the smaller Milltown prospect, where Belmore Resources Ltd ("Belmore") intersected 13.3m @ 5.8% Pb and 10.5% Zn from 45.4 metres in drill hole 3788/19 in 1994. The lowest part of the sequence is also prospective for copper-silver mineralization and contains numerous copper showings, most notable at Ballyvergin where Irish Base Metals drilled hole BV11 which intersected 31.5m @ 1.0% Cu from 51.7 metres in the 1960s. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

Significant historic exploration on the Clare Project has concentrated on three project areas and on identifying other areas of the Clare Project which have the potential to warrant similar investigation. The project areas are:

- Kilbricken
- Ballyvergin
- Kilmurry

In 2008, Belmore, a private Irish company, drill tested the base of the Waulsortian Limestone beneath near-surface sulphidic and calcite veined shelf carbonates at the historic Kilbricken lead mine. The discovery drillhole at Kilbricken, DH04, intersected 10m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, and 62.8g/t Ag from 448.1 metres at the targeted base of Waulsortian Limestone. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

After this initial discovery, Lundin joint ventured Kilbricken and the wider tenure package from Belmore. In 2011, Lundin purchased 100% of Belmore. Drilling by Lundin from 2009 to 2012 continued to intersect sulphide mineralization in the hanging wall of the Chimney fault. Significant intersections from Lundin's drilling programs are shown in Table 1.

**Table 1: Kilbricken Better Mineralized Drill Intersections.**

Hole ID	Mineralized Intersection
DH46	20.5m @ 7.5% Zn, 9.9% Pb, 0.07% Cu, 74.6g/t Ag from 415.3m
DH06	21.3m @ 11% Zn, 4.8% Pb, 0.06% Cu, 94.4g/t Ag from 441.9m
DH50	11.8m @ 9.8% Zn, 5.7% Pb, 0.07% Cu, 178.2g/t Ag from 484.6m
DH43	9.4m @ 4.1% Zn, 12% Pb, 0.52% Cu, 242.8g/t Ag from 442.1m
DH04	10.0m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, 62.8g/t Ag from 448.1m
DH52	19.3m @ 7.2% Zn, 1.2% Pb, 0.18% Cu, 64.6g/t Ag from 425.7m
DH44	17.2m @ 2.9% Zn, 4.4% Pb, 0.11% Cu, 83.5g/t Ag from 447.9m
DH167	4.5m @ 0.8% Zn, 2.6% Pb, 18.91% Cu, 867.6g/t Ag from 616.5m
DH161	10.4m @ 8.4% Zn, 3.9% Pb, 0.09% Cu, 26.5g/t Ag from 607m
DH206	10.0m @ 0.9% Zn, 8.7% Pb, 0.16% Cu, 90.7g/t Ag from 619m
DH111	4.1m @ 21.5% Zn, 5.7% Pb, 0.1% Cu, 95.4g/t Ag from 447.6m

### *Technical Summary*

Two styles of mineralization are evident at Kilbricken. The upper Chimney zone demonstrates the classic high-grade (>10% ZnEq) Irish stratabound mineralization targeted by Hannan. This body has been drilled within an area of 750 metres by 200 metres and averages 12 metres thickness. The lower Fort Zone was found later than the Chimney zone and has been tested with fewer drill holes. It is structurally hosted, lower grade, but thicker, averaging 40 metres, and drilled within a 400 metre by 200 metres area.

Lundin completed significant work on the property. A total of 278 drill holes for 134,000 m of diamond drilling was completed over the entire project. A total of 222 drill holes for 118,000 metres were drilled at the Kilbricken area. Lundin also undertook regional exploration in the remainder of the Clare Project, largely focussed on other Waulsortian-hosted zinc-lead prospects. Lundin carried out 616 metres of drilling at the Ballyvergin prospect with the objective of discovering additional zones of copper-silver mineralization. Lundin drilled a total of 2,370 metres on the Kilmurry Project, located within the Clare project area, 9 kilometres south-east of Kilbricken. In addition, significant surface geochemical and multiple geophysical surveys have been undertaken by Lundin and previous operators on the Clare Project area. Of note are a 3D seismic survey over the main Kilbricken mineralization in 2011, and 2D seismic survey conducted in 2012 that consisted of 8 traverses (each 3 - 3.5km long) over a total 10 kilometre strike length, spaced between 1-2 kilometres across the Kilbricken trend.

Massive sulphide mineralization at Kilbricken most commonly consists of early massive-textured, fine-grained pyrite, galena and sphalerite cross-cut by coarse-grained sphalerite and galena, resembling sulphides found in the overlying veins. It differs from most other Irish zinc/lead prospects in that it is rich in silver, where the silver is generally associated with galena-rich zones.

### *Drill Results*

Hannan commenced drilling at Kilbricken in May 2017 and has subsequently completed 16 holes for a total of 7,189.3 metres. Hannan's drilling initially focused around Kilbricken with many holes intersecting significant mineralization and extending both the Fort and Chimney Zones. The true thickness of mineralized intervals at Kilbricken is interpreted to be greater than 95% of the sampled thickness.

Drill highlights include:

DH 17-3679-217 ("DH217") at the Fort Zone, one of the most mineralized ever drilled at the property:

- 8.0 metres @ 4.1% Zn, 33.7% Pb and 174 g/t Ag (37.9% Zn+Pb) from 528 metres, including 3.2 metres @ 8.4% Zn, 72.8% Pb and 388 g/t Ag (81.2% Zn+Pb) from 528 metres;
- 3.4 metres @ 5.2% Zn, 4.3% Pb and 33 g/t Ag (9.5% Zn+Pb) from 570 metres;
- 26.6 metres @ 7.5% Zn, 0.9% Pb and 14 g/t Ag(8.4% Zn+Pb) from 588 metres, including 18.8 metres @ 8.8% Zn, 1.1% Pb, 19 g/t Ag(9.9% Zn+Pb) from 588 metres;

DH 17-3679-218 (“DH218”), drilled at Fort Zone intersected massive sulphides within a down-hole thickness of 55 metres:

- 4.0 metres @ 0.7% Zn, 8.9% Pb and 31 g/t Ag (8.6% ZnEQ) from 526 metres, including 1.4 metres @ 1.6% Zn, 15.2% Pb and 53 g/t Ag from 526 metres and 1.0 metres @ 0.4% Zn, 13.8% Pb and 46 g/t Ag from 529 metres;
- 6.0 metres @ 2.5% Zn, 1.8% Pb and 13 g/t Ag (4.4% ZnEQ) from 544 metres, including 2.1 metres @ 5.0% Zn, 3.7% Pb and 25 g/t Ag from 548 metres;
- 6.4 metres @ 4.8% Zn, 1.3% Pb and 15 g/t Ag (6.3% ZnEQ) from 558 metres, including 1.1 metres @ 13.3% Zn, 3.1% Pb, 34 g/t Ag from 558 metres;
- 10.0 metres @ 3.4% Zn, 1.0% Pb and 13 g/t Ag (4.7% ZnEQ) from 571 metres;

DH 17-3679-219 (“DH219”), a 50 metre step out hole from the Fort Zone intersected massive sulphide mineralization within a total down-hole thickness of 92.9 metres:

- 8.4m @ 8.0% ZnEQ (6.2% Zn, 0.9% Pb, 15 g/t Ag and 0.35% Cu) from 599.0m, including 1.4m @ 20.8% ZnEQ (16.8% Zn, 3.5% Pb, 30 g/t Ag, 0.2% Cu) from 604.0m and:
- 12.8m @ 5.1% ZnEQ (3.2% Zn, 1.8% Pb, 13g/t Ag and 0.05% Cu) from 631.5m, including 0.9m @ 17.8% ZnEQ (15.3% Zn, 2.1% Pb, 25 g/t Ag, 0.1% Cu) from 643.4m.

DH 17-3679-220 (“DH220”) first drill hole to test along strike from the Chimney Zone, was a 75 metre step out:

- 3.3m @ 10.4% ZnEQ (3.6% Zn, 6.5% Pb, 58 g/t Ag and 0.1% Cu) from 477.0m, including 1.0m @ 18.6% ZnEQ (3.7% Zn, 14.5% Pb, 121 g/t Ag, 0.2% Cu) from 478.6m

The remaining nine drill holes of the 2017 program (DH 17-3679-221 through to DH 17-3679-229; DH 17-3679-225 was abandoned at 72 metres) were drilled outside Kilbricken, based primarily on soil anomalies. Hole 17-3679-221 intersected anomalous copper mineralization 300 metres along strike from the Fort Zone. Hole 17-3679-226, drilled up dip from Kilbricken, intersected hematite alteration which is considered a good indicator of proximity to mineralization. Drill hole 17-3679-228 contained both pyrite at the base of reef with intense dolomitization and a fault in the stratigraphic footwall, which indicates a drill target at shallower levels up-dip. The remaining five holes did not intersect significant mineralization or alteration.

In October 2018 the Company drilled three drill holes at the Ballyhickey prospect located two kilometres NE of Kilbricken. Drill targets had been developed from seismic and surface geochemistry. The drilling confirmed the geological model and encounter significant faulting similar to the faults controlling the Kilbricken deposits. One of the drill holes intersected weak calcite pyrite alteration at the base of the Waulsortian limestone.

In February 2019 the Company extended a pre-existing drill hole (11-3643-10) at the Kilmurry prospect located 9km south of the Kilbricken prospect. The target was a seismic and detailed gravity defined structural and stratigraphic target mapped by Hannan over greater than 15 kilometres strike and 1-2 kilometres width. Historic drilling identified significant alteration and mineralization immediately south in the footwall of the Kilmurry target. Hannan’s extension of hole 11-3643-10 encountered intense hydrothermal hematite for 4 metres at the base of the potential mineralized position and calcite/dolomite breccia over more than 60 metres thickness, with sporadic gossanous patches after pyrite and calcite textures suggesting replacement of barite. The hydrothermal hematite alteration is highly significant as it lies proximal to mineralization at Irish-style deposits such as Lisheen, Tynagh and Silvermines and can be considered a near-miss indicator. Further drilling is required.

### *Soil Sampling*

A 1,000 sample soil program focused on acquiring new samples within an area of >40km<sup>2</sup> of unexplored Waulsortian Limestone continues. Soil samples have been acquired by hand auger at 50cm depth on average (up to >1m). The sample material is brown earth, sometimes with a clay/sand/peat or chip components from the A horizon. Thin glacial cover (1-5m thick) is common over the project area. In combination with the re-interpretation and quality control of >18,000 historic soil samples, the new data already released reveals multiple new anomalies of Zn-Pb (with associated trace elements), some at target depths <300m. The anomalies show strong correlation with many prospective faults previously interpreted from aeromagnetic, gravity and seismic data.



New soil sampling results have identified a large and coherent anomaly up-dip from Kilbricken. Furthermore, 2km NE of Kilbricken at the Ballyhickey prospect the survey revealed a 3km long and 600m wide soil anomaly that has never been drill tested. The anomaly identified is similar to the soil anomaly found above known mineralization at the Chimney zone, and shows a strong correlation with prospective faults identified from gravity, magnetic and seismic data sets. This new anomaly was drill tested in October 2018. One of three drill holes intersected weak alteration at the base of the Waulsortian limestone.

### *Regional Soil Sampling*

During January 2018 the Company announced the results of an extensive 961 sample regional soil geochemical survey covering >200km<sup>2</sup> around the deposit. The Kilbricken deposit forms a strong geochemical signature at surface and the geochemical surveys were undertaken to search for new anomalies in a similar geological setting to that of Kilbricken.

Highlights are:

- Multi-element soil samples coverage, from immediately above and regionally around the 100% Kilbricken zinc deposit now extends over >200km<sup>2</sup>.
- All seven main anomalies defined are drill targets. As geochemical anomalies are not necessarily located directly above possible mineralization due to dispersion upwards through structural breaks, the geo-chemical data will be used in conjunction with gravity data and the recently completed 2D seismic data to better locate drill holes to test these anomalies.
- Further soil sampling on the Clare Project is continuing and focussed around Kilbricken, to infill and extend anomalies that have not been closed off.
- Several strong multipoint anomalies coinciding with structural targets identified from Hannan's seismic survey. This includes three targets which have been identified in the Kilbricken area, Ballyhickey, Quin and Finanag.
- Outside of the main Kilbricken area 5 targets have been prioritized. Each area consist of 2 or more samples with anomalies from by Zn, Cd,+/- As, Pb. Fe and Mn is generally low.

### *Seismic Survey*

During January 2018 the Company announced completion of a 40.6 line kilometre 2D seismic survey at the Clare Project. The regional seismic survey is a first for the area and has delivered a critical new set of subsurface data across the Company's 35,444 hectare PLs, which will form the basis for current and future drill targeting and prioritization.

The survey traversed the most prospective parts of the Clare Basin within the Company's PLs and was used to identify and map geological structures that may host and control base metal mineralization. The Company's seismic survey propels understanding of the architecture and geological prospectivity of the Clare Basin, in a manner not previously possible. Highlights from the survey are:

- The 40.6 line kilometre 2D seismic survey identified the high-grade zinc mineralized position at Kilbricken and defined multiple new high priority targets in similar settings over a combined 12 kilometres trend immediately along strike and up dip from the Kilbricken deposit.
- Over the regional scale, multiple drill targets were also identified across much of the Clare project, including major north dipping faults that are well documented to preferentially host economic zinc deposits in Ireland.
- The 6,000 metre drill program currently being planned will initially test targets over the combined 12 kilometres trend immediately along strike and up dip from Kilbricken.
- In total the Clare project now has 68 kilometres of 2D seismic and 5 square kilometres of 3D seismic surveys which constrain depths and geometry of potentially mineralized targets, which will substantially decrease exploration costs and increase exploration effectiveness.
- Seismic surveying is not a technique commonly used in hard rock mining while is endemic in the oil and gas industry. Hannan is one of few hard rock exploration companies to use the method globally.

### *Metallurgy*

On March 30, 2017 the Company announced the results of a gap analysis on mineralogical investigations on the Kilbricken project, Ireland by Dr. Kurt Forrester of Arn Perspective Ltd. Based on this study and the available information, it is likely a conventional lead-zinc flotation circuit at Kilbricken would be able to achieve saleable

mineral concentrates. It is anticipated that there should be no penalties due to the presence of deleterious elements (arsenic, manganese, cadmium, selenium), subject to confirmation from the assessment of bulk element deportment during lead-zinc flotation. A primary grind of between 100µm to 150µm is anticipated to achieve satisfactory liberation and there are no red flags with the modal mineralogical analysis with respect to mineral processing and beneficiation. Based on the information available, it is anticipated that Kilbricken should be able to achieve high recoveries of both zinc and lead concentrates. Results from limited grade recovery analysis indicated the following recoveries probable using a conventional flowsheet:

- Targeting a sphalerite grade of 85% in the zinc concentrate would result in recoveries in excess of 85%.
- Targeting a galena grade of 70% in the lead concentrate would result in recoveries in excess of 75%.

Recommendations include conducting metallurgical test work across the deposit as part of an ongoing exploration and development program. The first drill hole (DH-217) will be used to collect metallurgical samples for locked cycle flotation testwork.

#### *Gravity Survey*

In October 2018 the Company completed a gravity survey over the Kilmurry prospect, 12km South of Kilbricken. The survey was designed to map the area between two seismic profiles where significant faults were mapped (the Kilmurry fault zone) during the seismic survey. The gravity survey confirmed the existence of the faults and also highlighted the possibility of a fault relay zone between the two seismic profiles.

#### *Future Developments*

The current focus in Ireland is the Kilmurry prospect which has the indicators of a significant drill target. The Kilmurry fault zone, mapped by seismic surveys, gravity and supported by historic drilling, has been traced over 10 kilometres of strike. Further drilling is recommended at Kilmurry, with four priority targets defined within the ramp-relay system over 6 kilometres. However, at this stage, the Company's focus remains exploring for copper in Peru.

#### **Qualified Person**

The qualified person for the Company's projects, Mr. Michael Hudson, the Company's Chairman and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

#### **Selected Financial Data**

The following selected quarterly financial information is derived from the unaudited condensed consolidated interim financial statements of the Company and prepared using IFRS.

Three Months Ended	Fiscal 2021		Fiscal 2020				Fiscal 2019	
	Nov 30/20 \$	Aug 31/20 \$	May 31/20 \$	Feb 29/20 \$	Nov 30/19 \$	Aug 31/19 \$	May 31/19 \$	Feb 28/19 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(390,385)	(404,108)	(120,019)	(800,160)	(95,558)	(143,669)	(228,949)	(251,473)
Other Items	6,127	(1,233)	7,666	1,205	(5,189)	(8,410)	(4,054)	(3,290)
Net loss	(384,258)	(405,341)	(112,353)	(798,955)	(100,747)	(152,079)	(233,003)	(254,763)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
<b>Statement of Financial Position:</b>								
Working capital (deficiency)	1,485,817	2,249,253	1,316,484	1,579,002	44,967	(85,399)	126,587	(16,629)
Total assets	7,203,294	7,363,798	6,450,387	6,605,422	4,689,734	4,460,825	4,629,002	4,370,544
Total long-term liabilities	Nil	Nil	Nil	Nil	(352,570)	(347,510)	(342,393)	(337,276)

## Results of Operations

### Three Months Ended November 30, 2020 Compared to Three Months Ended August 31, 2020

During the three months ended November 30, 2020 (“Q2”) the Company reported a net loss of \$384,258 compared to a net loss of \$405,341 for the three months ended August 31, 2020 (“Q1”), a decrease in loss of \$21,083. The decrease in loss is mainly attributed to a decrease in expenses from \$404,108 during Q1 to \$390,385 during Q2.

### Six Months Ended November 30, 2020 Compared to Six Months Ended November 30, 2019

During the six months ended November 30, 2020 (the “2020 period”) the Company reported a net loss of \$789,599 compared to net loss of \$252,826 for the six months ended November 30, 2019 (the “2019 period”), an increase in loss of \$536,773 due to an increase in expenses from \$239,227 during the 2019 period to \$794,493 during the 2020 period. Specific expenses of note during the 2020 period are as follows:

- (i) recognized share-based compensation of \$152,181 in the 2020 period on the granting and vesting of share options. During the 2019 period the Company did not grant any options;
- (ii) incurred a total of \$31,864 (2019 - \$34,236) for accounting and administration services of which \$21,750 (2019 - \$19,000) was incurred by Chase Management Ltd. (“Chase”) a private corporation owned by Mr. Nick DeMare, a director of the Company, for services provided by Chase personnel, excluding Mr. DeMare. The Company was also billed \$10,114 (2019 - \$15,236) for accounting services provided by a third-party accounting firm for ongoing accounting for its subsidiaries;
- (iii) during the 2020 period the Company paid \$50,000 to access historical exploration data for Eastern Peru and recorded the payment as general exploration costs;
- (iv) incurred \$112,358 (2019 - \$59,723) for directors and officers compensation for services provided by current and former officers and directors of the Company. See also “Transactions with Related Parties”;
- (v) the COVID-19 pandemic had a significant impact on international and domestic travel, resulting in the cessation of all unessential travel. As a result travel expenses dropped from \$20,333 in the 2019 period to \$842 in the 2020 period;
- (vi) incurred salaries and wages of \$33,108 in the 2019 period to employees in Ireland. During the 2020 period the Company did not have any employees;
- (vii) incurred \$23,435 in the 2020 period for professional fees compared to \$nil in the 2019 period; and
- (viii) incurred \$335,030 in the 2020 period for corporate development, an increase of \$323,674 from \$11,356 in the 2019 period, reflecting the engagement of various consultants to provide strategic consulting, media and business development services on behalf of the Company in the 2020 period.

During the 2020 period the Company recorded \$1,808 (2019 - \$10,177) interest expense on promissory notes. During the 2020 period the Company repaid the outstanding \$145,000 principal amounts of promissory notes and \$71,658 of accrued interest payable. See also “Transactions with Related Parties”.

The Company holds its cash in interest bearing accounts in major financial institutions. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During the 2020 period the Company reported interest income of \$7,010 compared to \$1,765 during the 2019 period, reflecting higher levels of cash held during the 2020 period.

### Exploration and Evaluation Assets

	Peru			Ireland	Total
	San Martin JV Project \$	San Martin 100% Project \$	Ucayali and Other \$	Clare Project \$	
<b>Balance at May 31, 2019</b>	301,478	-	-	3,906,364	4,207,842
<b>Exploration costs</b>					
Field supplies	46,674	-	-	-	46,674
Community	57,021	-	-	-	57,021
Geological	170,525	-	-	-	170,525
Sampling	11,731	-	-	-	11,731
Travel	28,509	-	-	-	28,509
	314,460	-	-	-	314,460

	Peru			Ireland	Total \$
	San Martin JV Project \$	San Martin 100% Project \$	Ucayali and Other \$	Clare Project \$	
<b>Acquisition costs</b>					
License applications and fees	126,937	-	-	15,188	142,125
<b>Balance at May 31, 2020</b>	<b>742,875</b>	<b>-</b>	<b>-</b>	<b>3,921,552</b>	<b>4,664,427</b>
<b>Exploration costs</b>					
Community	5,295	-	-	-	5,295
Consulting	34,296	-	-	-	34,296
Exploration site	83	-	149	-	232
Field equipment	-	-	105,342	-	105,342
Geological	76,350	12,316	11,228	-	99,894
Insurance	6,667	-	-	-	6,667
Legal	14,315	-	-	-	14,315
Sampling	683	-	-	-	683
Traveling	6,336	-	1,665	-	8,001
VAT incurred	-	-	5,444	-	5,444
	<b>144,025</b>	<b>12,316</b>	<b>123,828</b>	<b>-</b>	<b>280,169</b>
<b>Acquisition costs</b>					
License applications and fees	255,168	148,231	33,237	-	436,636
<b>Balance at November 30, 2020</b>	<b>1,142,068</b>	<b>160,547</b>	<b>157,065</b>	<b>3,921,552</b>	<b>5,381,232</b>

During the 2020 period the Company incurred a total of \$716,805 on the exploration and evaluation of its unproven resource assets of which \$399,193 was incurred on its San Martin JV Project, \$160,547 on the San Martin 100% Project and \$157,065 on the Ucayali and Other Projects. See also “Property Update”.

### Financings Activities

During the 2020 period the Company completed a private placement of 4,000,000 units at \$0.25 per unit for gross proceeds of \$1,000,000. The Company intends to use the net proceeds from the private placement for exploration on the Company’s Peruvian exploration properties, general corporate purposes and provide working capital.

In addition during the 2020 period the Company issued 2,348,274 common shares on the exercise of warrants and share options for total proceeds of \$543,902.

During the 2019 period the Company completed a non-brokered private placement of 4,753,847 common shares for gross proceeds of \$309,000. The net proceeds were used for staking and exploration on the San Martin Project, maintenance of the Clare Project and for working capital and general corporate purposes.

### Financial Condition / Capital Resources

As at November 30, 2020 the Company had working capital of \$1,485,817. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. As at November 30, 2020 management considers that the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months. See also “COVID-19”.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Proposed Transactions

The Company has no proposed transactions.

## Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the May 31, 2020 audited annual consolidated financial statements.

## Changes in Accounting Policies

### *Adoption of New Accounting Standard*

Effective June 1, 2020 the Company adopted the Amendments to IFRS 3 - *Definition of a Business*, which clarifies the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

There was no impact on the Company's condensed consolidated interim financial statements upon the adoption of the amendments of this standard.

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2020 audited annual consolidated financial statements.

## Transactions with Related Parties

### (a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the executive members of the Company. During the 2020 and 2019 periods the following amounts were incurred with respect to the Company's CEO (Mr. Hudson), President (Mr. Dahlenborg) and the CFO (Mr. Lim):

	2020	2019
	\$	\$
Professional fees - Mr. Hudson	48,000	32,000
Professional fees - Mr. Dahlenborg	59,222	45,026
Professional fees - Mr. Lim	4,500	1,500
	<u>111,722</u>	<u>78,526</u>

During 2020 period the Company incurred a total of \$111,722 (2019 - \$78,526) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$77,978 (2019 - \$41,343) to directors and officers compensation; and capitalized \$33,744 (2019 - \$37,183) to exploration and evaluation assets. As at November 30, 2020, \$52,552 (May 31, 2020 - \$41,171) remained unpaid

### (b) *Transactions with Other Related Parties*

- (i) During the 2020 and 2019 periods the following amounts were incurred with respect to non-management directors (Nick DeMare, David Henstridge, Georgina Carnegie and Ciara Talbot) and the Corporate Secretary (Mariana Bermudez) of the Company:

	2020 \$	2019 \$
Professional fees - Mr. DeMare	4,500	1,500
Professional fees - Mr. Henstridge	4,500	1,500
Professional fees - Ms.Carnegie	4,500	8,000
Professional fees - Ms. Talbot	4,500	1,500
Professional fees - Ms.Bermudez	16,380	5,880
	<u>34,380</u>	<u>18,380</u>

As at November 30, 2020 \$150,050 (May 31, 2020 - \$150,350) remained unpaid.

- (ii) During the 2020 period the Company incurred a total of \$21,750 (2019 - \$19,000) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at November 30, 2020, \$6,100 (May 31, 2020 - \$4,500) remained unpaid.
- (c) The Company had issued promissory notes which bore interest at 7% per annum. The principal amounts and accrued interest were scheduled to be due and payable on December 31, 2020. During the 2020 period the Company recorded \$1,808 of interest expense and repaid the remaining \$145,000 principal amounts of promissory notes and \$71,658 of accrued interest payable. The promissory notes were held by shareholders of the Company, including a family trust of the CEO of the Company.
- (d) In fiscal 2019 accounts payable and accrued liabilities included \$50,000 outstanding to an arms-length party for professional service rendered. In fiscal 2020 the indebtedness was settled on behalf of the Company by a private company owned by a director of the Company and was recorded as an advance to the Company. The Company subsequently repaid \$30,000 of that advance and \$20,000 remained unpaid as at May 31, 2020. In September 2020 the Company paid the remaining \$20,000 balance.

### **Risks and Uncertainties**

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should consider investing in the Company's common shares.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at January 28, 2021, there were 81,121,985 issued and outstanding common shares, 24,501,888 warrants outstanding at exercise prices ranging from \$0.15 to \$0.35 per share and 5,576,000 share options outstanding at exercise prices ranging from \$0.10 to \$0.455 per share.