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## **DISCOVERY HARBOUR RESOURCES CORP.**

### **MANAGEMENT’S DISCUSSION AND ANALYSIS**

#### **FOR THE YEAR ENDED SEPTEMBER 30, 2021**

This document constitutes Management’s Discussion and Analysis (“MD&A”) of the financial and operational results of Discovery Harbour Resources Corp. (“Discovery Harbour” or the “Company”) for the year ended September 30, 2021. This MD&A supplements but does not form part of the consolidated financial statements of the Company, and should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2021.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This MD&A has been prepared as of January 12, 2021 (“Report Date”).

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **1. CORE BUSINESS**

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Discovery Harbour is a junior resource company engaged in the acquisition, exploration and evaluation of mineral properties in the United States hosting gold and base metals.

The Company was incorporated under the Business Corporations Act of British Columbia on March 11, 2009. The Company was classified as a Capital Pool Company as defined in Policy 2.4 of the TSXV and completed its Qualifying Transaction pursuant to the policies of the TSXV on November 22, 2010. The Company is listed on the TSXV as a Tier 2 Venture Issuer having the symbol DHR-V. The Company completed a reverse takeover transaction with CVC Cayman Ventures Corp. on April 2, 2013. The Company is also listed on the OTC Pink Market under the symbol “DCHRF” and the Frankfurt Stock Exchange under the symbol “4GW”.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 0845837 B.C. Ltd. and Discovery Harbour (USA) LLC. Inter-company balances and transactions are eliminated on consolidation.

The Company holds interests in the following mineral resource property in the United States:

**Caldera Gold Property** (Nye County, Nevada, USA)

The Caldera gold property has been acquired through various agreements and staking. The Company has (i) an option to earn a 100% interest, subject to advance minimum royalty payments and a 2% retained net smelter return royalty ("NSR"), and (ii) a 100% interest, subject to nil or a 2% retained NSR, on certain other mineral claims comprising the Caldera gold property. Additional detail is set out in Section 6 "Operating Milestones" below.

The Company commenced the drill permitting process in late 2019 to undertake a drill program at Caldera. Since then, it has selected the specific drill sites, submitted the Exploration Plan of Operations ("the Plan") to the United States Forest Service ("USFS") and engaged Nevada contractors which have completed the baseline studies required for the environmental impact analyses of the Plan.

The USFS concluded its review of the Plan with a positive decision for the Company's drill program and has issued the appropriate permits. The drill program on the Caldera gold property commenced the beginning of August and was completed in early October. The Company tested five drill targets. The drill holes were 100 to 300 metres deeper than any previous drilling on Caldera in order to target the potentially high grade portion of the low sulphidation epithermal gold system.

Drill results were reported on October 25 and November 22, 2021. Gold was intersected in a number of drillholes and the results are detailed in Section 6 "Operating Milestones" below.

Future drilling subsequent to the 2021 drill program is subject to USFS and other regulatory approvals and future financing.

**Fortuity 89 Property** (Nye County, Nevada, USA)

On March 9, 2021, as amended October 27, 2021, the Company entered into an option and earn-in agreement ("the Agreement") with Newcrest Resources, Inc., a wholly owned subsidiary of Newcrest Mining Limited, on the Fortuity 89 property located in Nye County, Nevada, USA.

The terms of the Agreement for Newcrest Resources, Inc. ("Newcrest") to earn an interest in the property are:

Phase	Expenditures by Newcrest (US\$)	Interest Earned by Newcrest (%)	Total Time for Each Stage
Initial	\$ 1,500,000	Nil	To August 15, 2022
I	\$10,000,000	51	Up to 24 months
II	\$20,000,000	65	Up to 24 months
III	Completion of Positive Preliminary Economic	75	Up to 24 months

	Assessment in accordance with NI 43-101 (based on minimum of 1M oz gold)		
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The initial US\$1,500,000 is a minimum commitment ("Minimum Commitment"); Phases I, II and III are at Newcrest's election to proceed. Should Newcrest elect to continue to Phase I, it shall also pay to Discovery Harbour US\$250,000. Newcrest can withdraw from the Agreement any time after meeting the Minimum Commitment.

1. The cumulative expenditure through to the end of Phase II is US\$31,500,000. Any excess expenditures from a previous phase will be applied to the subsequent phase.
2. Newcrest may extend the Phase III period by 12 months by paying the Company US\$500,000.
3. At the end of Stage III, if Newcrest earns a 75% interest it then must acquire the Company's 25% interest at a fair value based upon parameters using standard industry valuation methods.
4. If Newcrest earns a 65% interest in Phase II, but elects to not proceed to completion of Phase III, the respective participating interests in the joint venture will revert to the Company owning 51% and Newcrest owning 49%.
5. The Company will retain a 2% NSR in a designated area of the joint venture area, provided that Newcrest has the right to buy down 0.5% at fair value after completion of Phase III.
6. During the option and earn-in period, Newcrest will reimburse the Company for advance royalty payments that Discovery Harbour must pay under the Option to Purchase Agreement for its Caldera and Fortuity 89 properties.
7. Newcrest Resources, Inc. paid the Company US\$25,000 in consideration of receiving an extension to August 15, 2022 for completion of the initial phase.

On October 27, 2021, Discovery Harbour and Newcrest entered into an amendment agreement to extend the date when Newcrest must elect to proceed to the next phase of the Fortuity 89 Option/Joint Venture agreement from March 9, 2022 to August 15, 2022. Newcrest paid US\$25,000 in consideration of receiving the extension. The drill program has been delayed to provide sufficient time to secure a suitable drill rig and effectively carry out the full drill program.

Subject to drill rig availability and potential impacts from COVID-19, Newcrest plans to drill a minimum of eight drill holes and a total of 3,400 metres beginning in January, 2022 to test a series of low sulphidation epithermal gold targets on Fortuity 89. Newcrest completed a successful initial exploration program in the spring which included a geophysical program encompassing a 675 line kilometre drone airborne magnetic survey, a 250 station ground gravity survey and a 45 line kilometre audio band magnetotellurics (AMT) resistivity survey as well as geological and alteration mapping and sampling with a soil geochemical program (see news release July 14, 2021). The three geophysical surveys showed anomalies consistent between each different geophysical method and the geological and alteration mapping, establishing promising drill targets. The drill targets are proximal to a very limited outcrop and extend into a large plain overlain by a gravel cover.

Newcrest's program was designed to evaluate the limited outcrop and provide interpreted extrapolations of the geological and structural mineralization controls, which are prospective for concealed low sulphidation epithermal gold mineralization below the shallow unconsolidated alluvial gravels.

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The Company's focus is the Caldera and Fortuity 89 properties. It continues to review other projects and would consider expanding its portfolio in the right circumstances. At present, the Company's focus is on gold projects located in the western United States but it may consider other favourable jurisdictions.

### **1.1 COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the outbreak and spread of a novel coronavirus, COVID-19, a global pandemic. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including implementing travel restrictions, border closures, non-essential business closures, quarantines, self-isolation and physical distancing.

The outbreak of COVID-19 may cause disruptions to the Company's business and operational plans, which may include: (i) restriction of international travel by management; (ii) unavailability of contractors and subcontractors; (iii) interruption of supplies from third parties upon which the Company relies; (iv) restrictions imposed by governments to address the COVID-19 pandemic; (v) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others; and (vi) upheaval of global financial conditions, including market reaction to COVID-19. It is not currently possible to predict the extent or duration of these potential disruptions, which may have a material adverse effect on the Company's business, financial condition and results of operations.

On March 20, 2020, the land border between Canada and the United States closed to all non-essential travel in an effort to stem the spread of COVID-19. In August 2021 various border restrictions were relaxed, allowing for management to again consider appropriate visits to the Company's property in Nevada. During the border restrictions the Company's various consultants, who are based in the United States and who, in concert with Company management, continued advancing the Plan permitting process and the planned drill program, on behalf of the Company. The consultants' work for the Company is not affected by the border closure. In addition, the Company believes that its focus on a North American property has benefitted and will benefit the Company in its efforts to manage operating costs and risks in the near term and, possibly, the longer term.

The Company has implemented precautionary measures at its corporate office, including limiting visits to essential personnel and ensuring proper protocols are followed with respect to health, hygiene and physical distancing. The Company's exploration and operational activities in 2021 were conducted and completed in an orderly fashion while ensuring the safety of employees, subject to compliance with existing applicable domestic regulations and guidelines.

## **2. FINANCIAL CONDITION**

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The Company has not generated revenue from operations since inception. The Company has accumulated losses of \$21,910,889 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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The Company had working capital of \$836,363 at September 30, 2021 compared to working capital of \$2,300,691 at September 30, 2020.

Cash was \$1,086,337 at September 30, 2021 compared to \$1,976,906 at September 30, 2020. The Company's sources and uses of cash are discussed in Section 4 "Cash Flows" below.

### **3. FINANCIAL PERFORMANCE**

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The Company's corporate and administrative head office is located in Vancouver, Canada and it is engaged in acquisition, exploration and evaluation activities in the State of Nevada in the United States of America.

Because the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a public company of its size and in its line of business. Net loss and comprehensive loss for the year ended September 30, 2021 was \$351,427 (2020 - \$962,388) and loss per share was \$0.00 (2020 - \$0.02 per share). Net loss and comprehensive loss for the three months ended September 30, 2021 was \$52,158 (2020 - \$530,760) and loss per share was \$0.00 (2020 - \$0.01 per share).

#### **Total expenses for the year ended September 30, 2021**

Total expenses for the year ended September 30, 2021 were \$311,998 compared to total expenses of \$979,696 recorded for the 2020 comparative year.

Significant variances in expenses from the same period in the prior year are as follows:

- Major decreases were in investor communications (2020 - \$128,122 and 2021 - \$13,404), as the Company reduced its activities in this area due to restrictions imposed by COVID-19, the continued wait for the Caldera drill permit and the lack of immediate financing activities; and consulting fees (2020 - \$45,270 and 2021 - \$4,793) as the Company identified areas to reduce costs.
- Share-based payments of \$16,306 (2020 - \$469,657) for the vesting of incentive stock options during the year.
- Management fees were \$107,500 and salaries and benefits were \$68,667 for the year ended September 30, 2021 compared to \$145,000 and \$94,603 for the comparative year. The decrease in the current year is the result of a decrease in management fee rates.
- A loss of \$41,694 on foreign exchange for the year ended September 30, 2021 compared to a loss of \$1,668 for the year ended September 30, 2020. The difference is the result of fluctuations on the US\$/CAD\$ exchange rates on cash held in US\$.

#### **Total expenses for the three months ended September 30, 2021**

Total expenses for the three months ended September 30, 2021 were \$66,989 compared to total expenses of \$554,471 recorded for the 2020 comparative period.

Significant variances in expenses from the same period in the prior year are as follows:

- Management fees were \$30,000 and salaries and benefits were \$12,872 for the three months ended September 30, 2021 compared to \$121,000 and \$47,237 for the comparative period.

During the prior period, the Company paid additional management fees to a company controlled by the President and salaries and benefits to the CFO following the financings completed by the Company.

- A loss of \$13,984 on foreign exchange for the three months ended September 30, 2021 compared to a loss of \$7,851 for the three months ended September 30, 2020. The difference is the result of fluctuations on the US\$/CAD\$ exchange rates on cash held in US\$.
- Share-based payments of \$nil (2020 - \$327,244) for the vesting of incentive stock options during the year.

#### **4. CASH FLOWS**

The Company is still in the exploration and development stage and as such does not earn any significant revenue. Total cash used in operating activities was \$271,431 for the year ended September 30, 2021 compared to cash used of \$607,138 for the 2020 comparative year.

Cash used in investing activities was \$619,138 for the year ended September 30, 2021 and consisted of mineral property expenditures of \$1,266,177, cost recoveries of \$334,039 and redemption of term deposits of \$313,000. In comparison, cash of \$625,070 was used in investing activities during the 2020 comparative year and consisted of \$327,070 in expenditures on exploration and evaluation assets and \$298,000 on the purchase of term deposits.

Cash provided by financing activities was \$nil for the year ended September 30, 2021. Cash provided by financing activities was \$3,201,664 for the year ended September 30, 2020 and mainly consisted of \$3,787,500 in proceeds from a private placement, \$211,737 in share issuance costs, \$11,600 from exercise of warrants, \$13,125 from exercise of options, \$100,000 in repayment of convertible debenture, \$338,824 in repayment of loans payable, and \$40,000 in loan proceeds.

#### **5. SELECTED ANNUAL INFORMATION**

The table below presents selected financial data for the Company's annual financial statements for each of the three most recently completed financial years. The financial data provided is prepared in accordance with IFRS and is presented in Canadian dollars.

	September 30, 2021 \$	September 30, 2020 \$	September 30, 2019 \$
Total revenue	-	-	-
Net loss and comprehensive loss for the year	(351,427)	(962,388)	(198,317)
Loss per share, basic and diluted	(0.00)	(0.02)	(0.01)
Total assets	2,969,180	3,120,331	423,684
Total long term liabilities	-	-	-
Cash dividends declared per share	-	-	-

During the year ended September 30, 2020, the Company raised \$3,787,500 from the issuance of 68,420,454 shares and incurred share-based payments of \$469,657 from the issuance of 5,440,000 stock options.

#### **6. MAJOR OPERATING MILESTONES**

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The Company is in the mineral exploration stage and as such has no revenues. Mineral interests in the form of exploration and acquisition costs totalled \$1,861,403 as at September 30, 2021 (2020 - \$732,196).

### **6.1 Caldera Gold Property**

The Caldera gold property is comprised of 264 claims totalling over 3,000 hectares (~7,400 acres) in Nye County, Nevada. The Company holds an (i) option to acquire 100% interest in 41 of the claims, and (ii) a 100% interest in 223 of the claims that it has acquired directly through an acquisition agreement or from staking.

On November 18, 2016, as amended on February 17, 2017, March 30, 2017 and May 22, 2020, the Company signed an option agreement with Genesis Gold Corporation to acquire a 100% interest in 41 mineral claims which form part of the Caldera gold property. On December 14, 2020, Metalla Royalty & Streaming Ltd. acquired Genesis Gold Corporation with no change to the Company's Caldera gold property option agreement. The claims are subject to advance minimum royalty payments and a 2% retained NSR. The Company may earn its interest in the property by issuing 166,667 share purchase warrants exercisable at \$0.15 per share over a three-year term (issued, expired unexercised), paying the rentals on the unpatented mining claims to keep the property in good standing (paid), and making scheduled minimum advance royalty payments totalling USD \$400,000 (all payments scheduled to date have been made, for a total as of the latest quarter of USD \$400,000). Annual USD \$150,000 advance royalty payments are required to retain the Caldera gold property, up to a USD \$3,000,000 total purchase price, subject to adjustments based on the Consumer Price Index.

In October 2017, the Company staked an additional 163 claims to increase its holdings in the Caldera property to 204 claims.

On January 3, 2019, the Company completed the acquisition of an additional 56 claims at Caldera to bring its holdings to a total of 260 contiguous claims. The Company acquired the additional claims from Ore Capital Partners Ltd. ("Ore Capital"), a company that was related by virtue of holding over a 10% ownership interest in the Company and sharing a common director, pursuant to a Letter of Intent dated August 15, 2018, as amended September 19, 2018 and December 20, 2018, for consideration of a 2% NSR retained by Ore Capital. The Company may purchase this NSR in whole or in part at any time by paying \$1,000,000 per whole NSR percentage point.

In September 2020, the Company staked an additional four claims to increase its current holdings in the Caldera property to 264 claims.

In June 2021, USFS concluded its review of the drill permit application with a positive decision for the epithermal gold Caldera property in Nevada. The positive USFS Decision Memo provides approval of the Company's Plan of Operations and allows Discovery Harbour to undertake a drill program on up to 10 drill targets over the summer of 2021 (for a description of the drill targets please refer to the Company's website, [www.discoveryharbour.com](http://www.discoveryharbour.com), and the news release of August 31, 2020).

In August 2021, the Company announced its drill program was underway on the Caldera gold property. The Company announced the results of the drill program on October 25 and November 22, 2021. The drill holes were 100 to 300 metres deeper than any previous drilling on Caldera in order to target the potentially high grade portion of the low sulphidation epithermal gold system. Discovery Harbour is the first company to test the potential of a boiling zone, typically found at approximately 300+ metres depth, where precious metals come out of solution.

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The Caldera gold property is located west of the Round Mountain gold mine (Kinross Gold) and in the foothills of the Shoshone Range. Its location is within the Round Mountain, Paradise Peak, Monte Cristo, Northumberland, Manhattan and Tonopah districts from which over 30 million ounces of gold have been collectively produced. Most of these deposits are classified as low sulfidation epithermal gold systems.

The Caldera gold property is classified as a low-sulfidation, epithermal gold system, occurring near the periphery (crater rim) of a Tertiary-aged volcano. Historical, small-scale mining was primarily focused on gold-silver occurrences contained in thin veins with bonanza-style gold and silver grades. Historical production figures have not been presented and are not available in researched literature about the property or area.

The Caldera gold property is well accessed by existing roads and road systems.

A NI 43-101 technical report has been completed on the property by other explorers (Caldera – NI 43-101 Report dated February 21, 2005) and is available on SEDAR. See Section 6.1.7 and 6.1.8 for the status of the Company's most current exploration plan.

### **6.1.1 Project Exploration Focus and Concepts**

The Caldera gold property hosts strong epithermal gold mineralization and very significant gold pathfinder element geochemistry (rock and soil) exposed at surface, in shallow workings and in drill intercepts. These results all support the likelihood that significant gold mineralization may occur at depth, within and above the 'boiling zone' where circulating, low temperature groundwater aquifers interacted with magmatic heat, raising temperatures to allow gold to be deposited as veining, void fillings and as disseminated and stratabound mineralization in chemically favorable and structurally prepared host lithologies.

Previous explorers on the Caldera gold property encountered sporadic but encouraging gold grade results over widths of 1.5 to 6.1 metres as they searched for a shallow bulk tonnage gold deposit. However, historical drilling averaged less than 100 metres vertical depth, the deepest drill hole being 194 metres. The Company's drill program focused on drilling to 300 to 500 metres to reach the boiling zone where gold and silver would be deposited in a low sulphidation epithermal system.

### **6.1.2 Fall 2019 Soil Sampling Program**

In November 2019, the Company initiated a detailed soil sampling program on the Caldera gold property. The plan was to collect over 1,200 samples on 100m by 50m spacing to support the prioritization of 30 ranked gold targets. The goal of the comprehensive soil sampling program was to provide a cohesive and uniform data set over much of the Caldera property and in particular the specific targets that were prioritized as possible drill targets. The data was then integrated with the historical data including previous shallow drilling, geology, rock samples, the patchwork of previous soil sampling, alteration and structural mapping, and geophysics to prioritize the most promising targets for a drill program planned for 2020. The onset of winter curtailed the soil sampling program after 718 samples were collected. The results of the soil sampling program are detailed in Section 6.1.5 below.

### **6.1.3 Eight Target Areas Outlined for Drilling**

On January 9, 2020, the Company announced a progress update on its detailed soil sampling and historical work data compilation programs on the Caldera gold property in Nevada. This historical data



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was integrated with new data, including from a detailed soil sampling program, to evaluate and prioritize targets for the drill program planned for this year.

The results of the detailed soil sampling program were available to management for review in January 2020. The Company initially identified 30 prioritized targets in eight separate areas to consider for drilling. Subsequently the Company identified three further targets through its review and evaluation of the historical data combined with the recent soil sampling work. These targets have been systematically ranked with the current data in the context of a high grade - low sulphidation epithermal gold model.

***Eight Target Areas, 33 Targets***

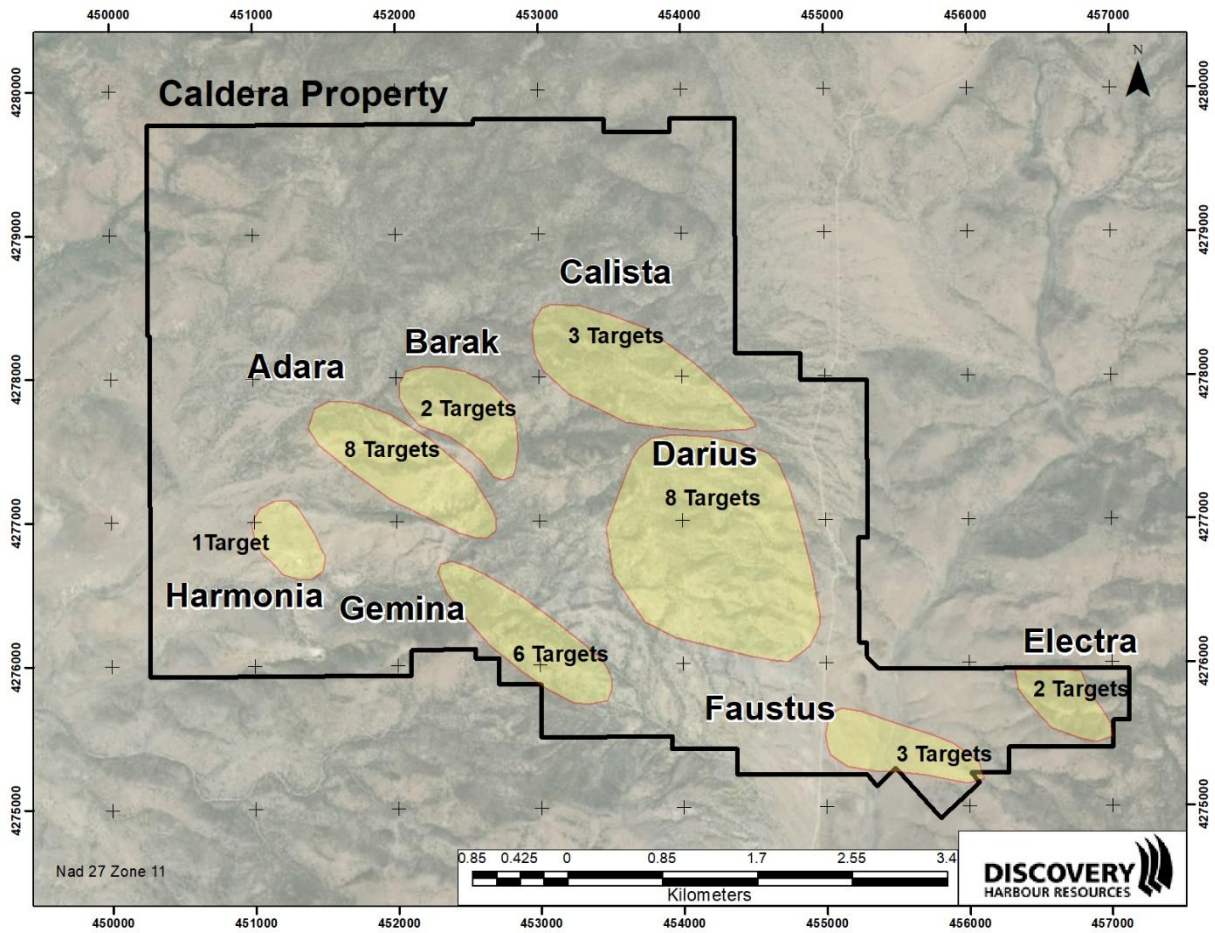
The historical data that has been compiled and evaluated is a result of programs by various companies exploring for a shallow bulk tonnage gold deposit. The geological mapping by the Company and recent soil sampling program, including multi-element data combined with historical data, was used to prioritize the initial drill targets for a high-grade epithermal gold deposit.

The historical data includes the following:

- 142 drill holes;
- 804 rock samples;
- 1,365 soil samples, some with multi-element data, others with only gold and silver and lacking pathfinder elements such as antimony, arsenic and mercury;
- Numerous old workings; and
- Magnetic geophysical surveys.

The Company has divided the targets into eight areas throughout the 30 square km Caldera property (See Figure 1).

Figure 1 – Target Areas



The eight areas and current targets in each of the areas are as follows:

<i>Target Area</i>	<i>Number of Targets (33 in Total)</i>	<i>Summary Description</i>
Adara	8	Multiple shorter northwest trending structures, with inflections, abundant old workings, multiple historical shallow drill holes with anomalous and some high-grade Au intercepts, partial historical soil analyses with strong gold anomalies.
Barak	2	Northerly striking, shorter, structures, limited drilling with some anomalous results.
Calista	3	Two long linear parallel northwest structures, abundant old workings, notable brecciation, partial historical soil analyses with strong gold anomalies.
Darius	8	Multiple parallel longer northwest trending structures, minimal outcrop.
Electra	2	Vein outcropping, short strike extent on surface, weaker alteration, Electra and Faustus topographically separated from other areas.
Faustus	3	Sheeted stringer veining in minimal outcrop.
Gemina	6	Long linear parallel northwest structures, cluster of targets in area with anomalous gold in rocks.
Harmonia	1	Different character, strong alteration and partial historical soil samples indicate anomalous pathfinder elements for an epithermal system.

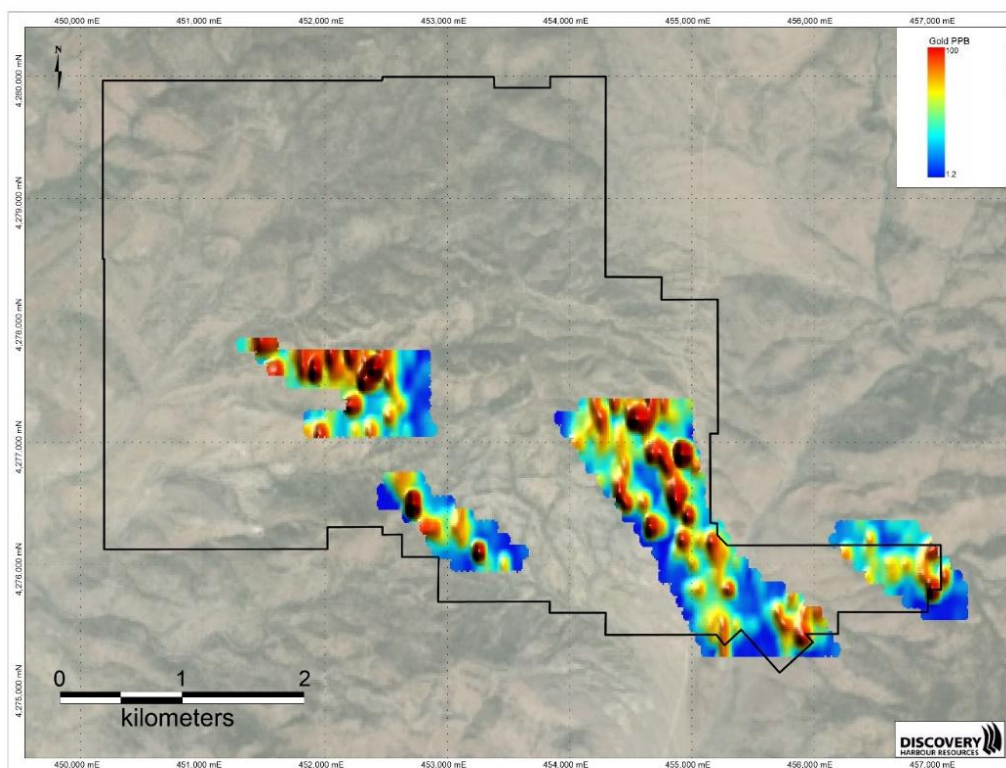
#### **6.1.4 Additional Gold and Pathfinder Element Anomalies Outlined**

On January 21, 2020, the Company announced results from its detailed soil sampling on the Caldera gold property in Nevada. A total of 718 samples were collected over a portion of the targets that Discovery Harbour has identified as potential drill targets. The objective is to have excellent multi-element data coverage over the 33 targets the Company has currently identified as potential drill targets.

The completed soil sampling program successfully identified numerous gold and silver anomalies as well as pathfinder element anomalies, including antimony, arsenic and mercury. The summary results are described in the table below and the gold results are in Figure 2 below.

<i>Element</i>	<i>90 percentile cut off (Gold parts per billion, other elements parts per million)</i>	<i>Highest single sample value (Gold parts per billion, other elements parts per million)</i>	<i>Correlation with Gold</i>
Gold	52	589	NA
Silver	0.4	11.4	0.479
Antimony	4.3	15.1	0.406
Arsenic	45	306	0.484
Mercury	0.06	0.74	0.103

Figure 2 – Phase 1 Soil Sampling Results



### 6.1.5 Descriptions of Target Areas

Specific details of each of the eight target areas are provided below.

#### Adara Target Area

The Adara Area of the Caldera property contains eight targets and includes the historic Golden King Mine. Historical drilling intersected sporadic high grade shallow intercepts which are interpreted to be associated with west to northwest trending structures. Highlights of the historical drilling include the following:

<i>Drill Hole</i>	<i>Gold (g/tonne)</i>	<i>Length (metres)</i>	<i>Depth (metres)</i>	<i>Comments</i>
EMC-8	22.4	2.2	43.5 to 45.7	Hole ended in mineralization
GW-5	37.92	3.0	102.1 to 105.2	
CD07-02	2.75	3.0	19.8 to 22.9	
CD07-24	9.03	1.5	22.9 to 24.4	

*Note: Historical drilling was reverse circulation with five foot sample intervals.*

Numerous multi gram gold per tonne rock samples have been taken through this area. Historical soil sampling indicates anomalous gold and silver as well as anomalous mercury. Quartz and chalcedony have been mapped in this area.

#### Barak Target Area

The Barak Area at the Caldera property contains two targets based on anomalous historical drilling and brecciation in short structures identified through limited outcrop and drilling. Historical drilling intersected anomalous gold over 5 to 25 feet drill intercepts; however, based on Discovery Harbour's interpretations it appears that some of the historical drilling was oriented sub parallel to the structural strike direction. The brecciated structures are associated with historical anomalous gold and silver results in rock and soil samples.

**Calista Area**

The Calista Area at the Caldera property contains three vein target trends, oriented northwest at 300° strike, defined by historic prospecting pits, underground workings and multi-gram gold in surface samples. The structure extends in excess of 1.5km. Historical shallow drilling (10 holes, ranging in vertical depth from 104 m to 194 m) in this area intersected anomalous gold, but the structures remain largely untested. The Calista Area structures are strongly developed with a long strike extent, significant alteration, and associated high grade rock samples. The shallow drilling along one structure demonstrates there is consistent low grade gold mineralization that Discovery Harbour interprets to lie structurally above a bonanza zone at depth. These various attributes strengthen Discovery Harbour's conviction that deep drilling is required to test the highgrade potential of this zone.

Numerous multi gram gold per tonne rock samples have been taken through this Area. Results over 2g/t gold are listed below (ppm is parts per million, 1 ppm=1 g/t):

Sample	Gold (ppm, (= g/t))	Silver (ppm, (g/t))	Arsenic (ppm)	Antimony (ppm)	Comments
Z05-224	193.0	6370	1260	BD	Float: Quartz vein stockwork, side cut
G007	15.6	448	0	BD	Subcrop: exploration pit
CD05-296	13.0	366	785	86	Subcrop: Iron oxide-quartz stockwork
Z05-230	10.6	79	1005	8	Adit dump: vein and silicification with iron oxide
254	9.3	350	BD	BD	Subcrop: exploration pit
53	8.2	217	BD	BD	Subcrop: exploration trench
711	7.3	900	BD	BD	Outcrop: adit
Z05-247	5.9	455	176	26	Ore dump: vein breccia with pyrite
33	5.2	327	BD	BD	Subcrop: from shaft
G012	4.9	72	BD	BD	Subcrop: exploration pit
Z05-255	4.3	117	53	18	Ore dump: 15 cm vein of coarse comb quartz
224	4.1	12	BD	BD	Subcrop: exploration pit
15	3.3	203	BD	BD	Subcrop: from shaft
GNRK012	3.0	145	BD	BD	Subcrop: exploration pit
32	2.9	88	BD	BD	Subcrop: exploration pit
Z05-225	2.3	48	303	23	Outcrop: 1cm iron oxide stained vein with 5cm alteration halo
109	2.2	3	BD	BD	Float
640	2.0	6	BD	BD	Float

Note: BD is below detection limit of the analytical method used

Note: one of the targets previously described as being in the Calista Area is now included in the Darius Area due to structural interpretations.

### **Darius Area**

As a result of the continuing data review, the Darius Area of the Caldera property now contains three new targets, for a total of eight targets. There are a number of structural trends that, in contrast to the Calista Area, trend more northerly at approximately 340 degrees. While the Darius Area contains numerous multi gram gold rock samples including 17 g/t gold and 11 g/t gold in two separate locations, there has only been minimal drilling on three of the targets.

An outcome of Discovery Harbour's continuing data compilation and integration are three new targets in the Darius Area. One has been identified by the recognition of a poorly exposed trend of vein float containing bladed silica after calcite situated near the valley bottom that follows a similar 340 degree trend. The bladed habit corresponding with the lower elevation supports the epithermal model with a bonanza gold zone lying at depth. The second new target includes a rock sample of 17g/t gold associated with a prominent structural trend supported by a gold in soil anomaly and has not been tested by the historic drilling. The third new target is based on a rock sample of altered tuff grading 11 g/t gold where historical shallow drilling intersected 3.1 g/t gold over 3 metres.

The detailed soil sampling program covered the southern two thirds of the Darius Area and outlined multi-element anomalies including gold, silver, arsenic, antimony and mercury. Coherent anomalies, extending over a distance of 1500m, defined by >25 parts per billion ("ppb") Au and >50 ppb Au coincide with the identified structures. A parallel > 50 ppb Au in soil anomaly, over 1000m in length, lies further east and coincides with the distribution of bladed silica after calcite. The very limited drilling in the bladed silica area highlights this as a compelling new target.

### **Electra Area**

The Electra Area of the Caldera property contains two targets and is highlighted by well developed quartz veins that are exposed in historic workings and in outcrops along a prominent ridge. Historic drill hole EG-26, which appears to have been drilled subparallel to this vein possibly failing to intersect it, still intersected 6.1 metres grading 2.33 g/t gold from 65.1 to 71.2 metres. Other historical shallow drill holes also failed to adequately test the vein structures.

The detailed soil sampling program covered this area and again successfully outlined multi-element anomalies including, silver, arsenic, antimony and mercury. Associated gold anomalies indicate favourable potential to the southeast beyond the current areas of known mineralization.

### **Faustus Area**

The Faustus area contains three targets. The first consists of northwesterly-trending sheeted veins that were drilled to a shallow depth producing good gold intercepts in several holes and at least anomalous results in all holes. Targets within this area demonstrate two contrasting structural trends, one being northwesterly and the other northerly.

Highlights of the historical shallow drilling include the following:

<b><i>Drill Hole</i></b>	<b><i>Gold (g/tonne)</i></b>	<b><i>Length (meters)</i></b>	<b><i>Depth (meters)</i></b>
EG-17	4.45	7.6	33.5-41.1
EG-26	7.36	6.1	21.3-27.4
EG-33	5.14	3.0	9.1-12.2

*Note: Historical drilling was reverse circulation with five foot sample intervals.*

The second target is along a north trending structure further to the west. Historic workings expose a chalcedony vein from which highlight results include 15.6, 22.4 and 48.9 g/t gold.

The Faustus area, combined with the nearby Electra area, also marks the southeast extent of a regional magnetic low that underlies much of the Caldera property, which Discovery Harbour has interpreted to represent the alteration zone associated with the low-sulphidation epithermal system.

The detailed soil sampling program successfully outlined multi-element anomalies including, silver, arsenic, antimony and mercury. Associated gold anomalies indicate favourable potential to the southeast beyond the current areas of known mineralization.

### **Gemina Area**

The Gemina area is typical of all the defined target areas in that it possesses numerous targets based on historical workings, well defined structural zones and strongly anomalous gold results in shallow drill holes. Gemina has a notably long strike length that has been defined through exposures and previous drilling. The alteration zone associated with the structures is broad, characterized by a combination of quartz and chalcedony at various locations. Rock samples have produced numerous anomalous to high grade gold results. The recent detailed soil sampling program outlined a moderate gold and more pronounced silver soil anomaly coinciding in particular with three of the six targets identified in the Gemina area.

Historical drilling intersected anomalous gold, including drill intercepts of 0.96 g/t gold over 6.1 m and 0.58 g/t gold over 16.8 m.

Numerous multi gram gold per tonne rock samples have been taken through this area. Results over 2 g/t gold are listed below (ppm is parts per million, 1 ppm=1 g/t):

Sample	Gold (ppm, (= g/t))	Silver (ppm, (= g/t))	Arsenic (ppm)	Antimony (ppm)
W-22	2.27	9.6	3048	ND
W-24	5.065	5.4	1851	ND
W-26	19.26	213	1398	
GN96-201	3.448	545		
W-29	21.39	195	3711	
W-30	2.24	15	589	
CD05-329	8.69	43.5	1970	31
W-31	8.548	70.2	741	
W-35	8.493	22.6	2055	
W-38	2.76	12.2	2130	
GN96-206	15.192	36		
CD05-312	3.56	55.6	5760	91
112498	5.284	0.3		
W-47	2.331	3.7	6129	
112499	5.76	3.7		
CD05-318	2.22	7.6	1060	24
CD05-317	2.71	16.3	2010	27
W-50	36.933	21.5	3462	
CD05-324	2.47	48.3	5900	159

Note: ND is No data

### Harmonia Area

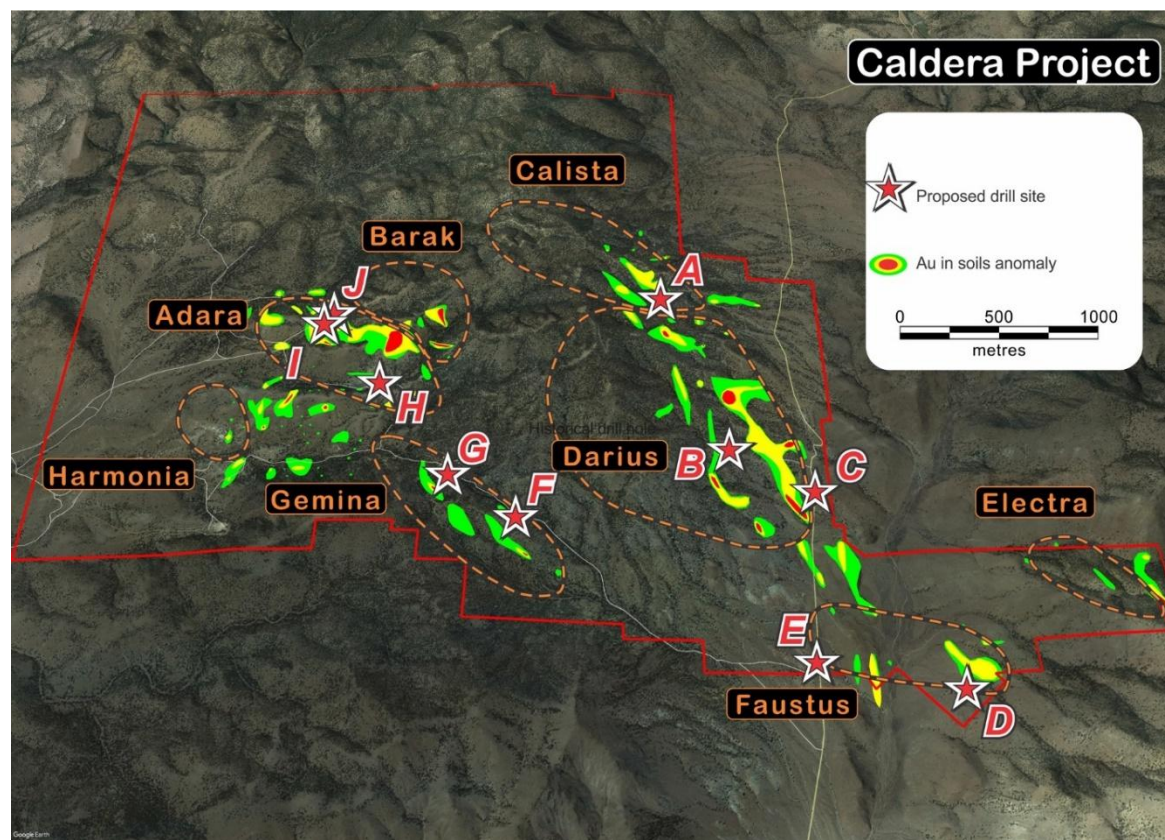
The Harmonia area is located one kilometer west-southwest of the historic Golden King mine workings. The target is defined on the basis of clay mineralogy suggestive of low temperature acidic conditions within fine-grained sediments. These features are interpreted to represent near-surface advanced argillic alteration that could indicate the presence of a concealed epithermal zone. This potential near-surface manifestation of a deeper target is further supported by the presence of a coincident antimony-mercury-arsenic geochemical soil anomaly.

### 6.1.6 Approved Exploration Plan of Operations with Ten Drill Sites, Exploration Plans

On April 8, 2020, the Company announced that it submitted an Exploration Plan of Operations (“the Plan”) to the USFS in furtherance of the Company’s planned drill program at the Caldera gold project, Nevada. The Plan includes up to 10 drill targets in five separate mineralized areas.

The previous work that the Company completed allowed the progression to drill testing the potential of the Caldera project. The Company elected for its drill program to focus on 10 targets from the 33 targets within five of the eight distinct gold mineralized areas at Caldera. Figure 3 below outlines the locations of the 10 drill sites, each having the potential to deliver a high grade intersect.

Figure 3 – Drill Sites Submitted for Permitting



The Company’s plan was to drill 100 to 300 metres deeper than any previous drilling on the Caldera



project. The Company believes the high-grade gold occurrences historically drilled at or near surface were deposited by a deeper low sulphidation epithermal gold system. All of the data analyzed support the theory that the gold system should be intact.

The Company engaged a Nevada contractor to conduct the baseline studies required for the environmental impact analyses of the Plan. The contractor completed the appropriate work and submitted the required report to the USFS for review and approval.

The USFS concluded its review of the Plan with a positive decision for the Company's drill program and has issued the appropriate permits. The drill program was conducted from August to October 2021, completing five drillholes on the Caldera gold property. The drill holes were 100 to 300 metres deeper than any previous drilling on Caldera in order to target the potentially high grade portion of the low sulphidation epithermal gold system.

All drilling at Caldera is subject to USFS and other regulatory approvals. Any drilling beyond that in the Plan will require additional funds.

#### **6.1.7 Reconnaissance Spring 2021 Exploration Program**

The Company commenced a reconnaissance program and received further soil sample results (see news release of April 6, 2021).

The reconnaissance spring program goals were twofold. One was to identify new targets on the underexplored parts of the property. The second was to use modern alteration mapping techniques using a spectrometer to refine current drill targets in the context of a low sulphidation epithermal deposit model. The program included reconnaissance, rock chip and stream sediment geochemistry, a handheld XRF spectrometer for mineral identification as well as wide-spaced soil sampling. The result uses included prioritizing the previously selected drill targets and identifying future drill targets.

Soil sample results were from samples taken on claim corners when the company previously expanded the Caldera property. They provide wide spaced coverage over most of Caldera at 1,500-foot-by-600-foot centres (approximately 450 metres by 180 metres) and were analyzed for 37 elements, including gold and silver. The soils included coverage of some areas that Discovery Harbour and historical work had previously covered in greater detail. A number of new anomalous areas were identified and will be followed up with further detailed work.

#### **6.1.8 2021 Drill Program**

The Company completed drilling a total of slightly over 1900 metres, testing five low sulphidation epithermal gold targets (see map below) on the Caldera Property. Each hole was deeper than any previous drilling on Caldera and each site was selected to test the boiling zone, typically found at approximately 300+ metres below the paleo-surface, where precious metals are concentrated.

Selected core from each of the five holes was sent for analysis. Gold of particular note was intercepted in drill holes CP21-02, 04 and 05. Drill hole CP21-02 had a best result of 2.40 grams gold per tonne (g/t) and 187 ppm silver over 1.5 metres and extensive intervals of anomalous gold. Drill hole CP21-04 had a best result of 2.71 gold g/t over 1.2 metres, other intervals of over 1 gold g/t and extensive intervals of anomalous gold. Drill hole CP21-05 had a best result of 1.53 g/t over 0.9 metres and anomalous gold in

several other intervals. The drillholes each intersected primarily volcanic tuffs, with zones of moderate to strong propylitic and argillic alteration and multiple fault zones.

*Selected Results Drill Program 2021*

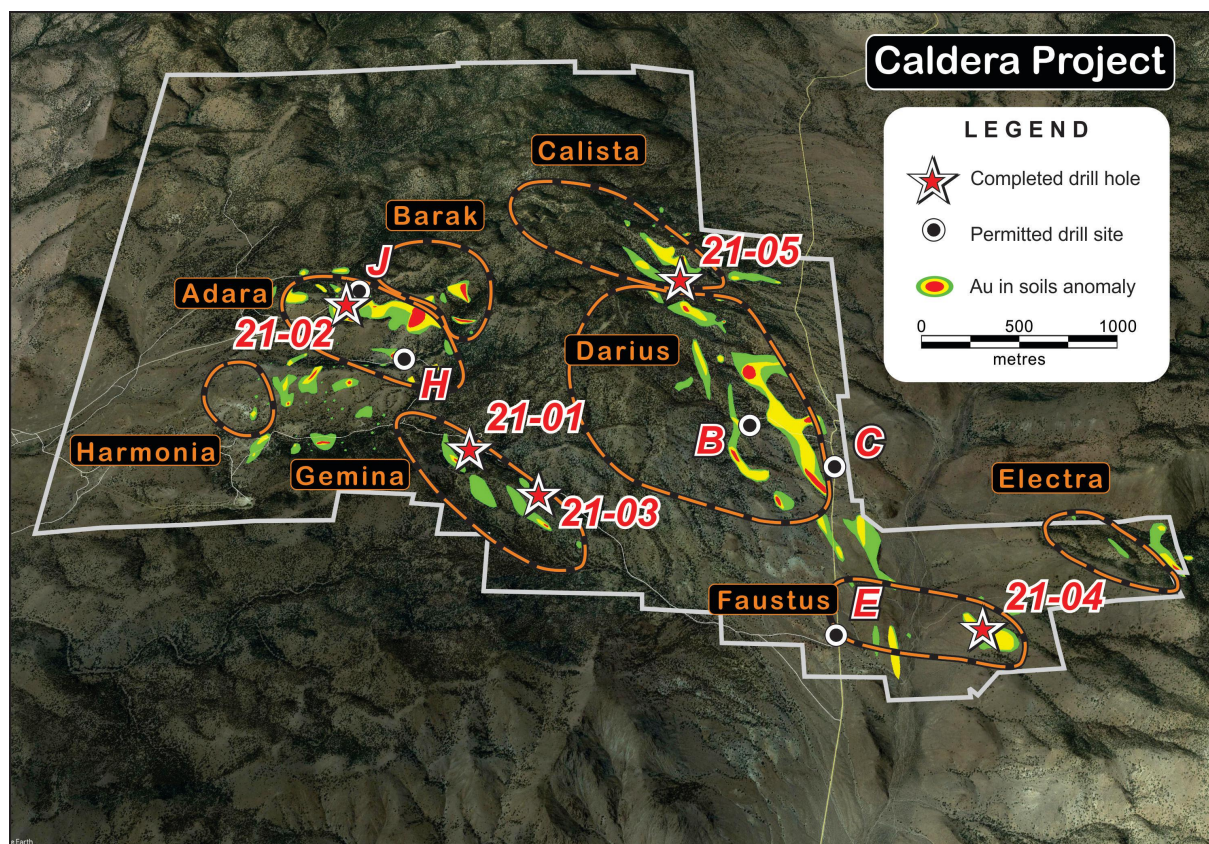
Drill Hole	From (m)	To (m)	Interval (m)	Gold (ppb)	Silver (ppm)	Arsenic (ppm)	Antimony (ppm)	Mercury (ppm)	Comment
CP21-01	24.8	26.2	1.4	324	BD	51	7	BD	Lithic clasts, weak alteration
CP21-02	1.5	15.9	14.4	212	6.6	242	26	0.031	Healed breccia clasts, strong argillic alteration, fault gouge, welded tuff
	137.5	163.1	25.6	393	19.1	395	12	0.028	Clay gouge in fault, strongly altered
Includes	139.0	140.5	1.5	2,400 (2.40 g/t)	187 (187 g/t)	475	60	0.164	
CP21-03									No significant results
CP21-04	9.8	11.0	1.2	2710 (2.71 g/t)	15.2	209	193	1.115	Iron stained clay with quartz vein clasts
	92.3	94.9	2.6	951	15.9	78	31	1.000	Fault zone, lithic tuff clasts in clay matrix
	164.6	168.5	3.9	562	2.1	17	4	0.111	Highly altered lithic tuff with tan clay seams
	196.4	197.8	1.4	1,285 (1.285 g/t)	4.4	11	4	0.072	Fault zone, tuff clasts in rock flour – clay gouge
CP21-05	110.0	110.9	0.9	1,525 (1.525 g/t)	51.2	100	10	0.127	Altered ash flow tuff
	158.8	160.0	1.2	0.866	8.8	23	21	0.520	Highly altered / broken lithic tuff, oxidized pyrite veinlets
	173.1	174.3	1.2	0.529	2.7	23	BD	0.145	Fault zone, rounded clasts lithic tuff in clay gouge

m: metres

ppb: parts per billion

ppm: parts per million

BD: below the detection limit of the analytical method used



#### Quality control/quality assurance

Core samples summarized in this news release and for the entire Caldera 2021 drill program were collected under the supervision of a geologist at the drilling rig. Drilling was completed using primarily HQ (63.5mm) diameter core, and NQ (47.6mm) diameter core for a portion of CP21-05.

Core logging was conducted on the property followed by shipment either to a core cutting facility in Elko, Nevada or to storage in Tonopah, Nevada. Core samples selected for assay were sawed in half, sending half to the ALS Global sample preparation lab in Elko, Nevada and the remaining half is retained for future reference. ALS Global crushed and pulverized the samples to >85% passing a 75 micron screen (ALS PREP-31). Sample pulps were then shipped by ALS Global to their analytical labs in Reno, Nevada and North Vancouver, BC for fire assay for gold (Au-ICP21 package) four acid digestion with ICP-OES finish (ME-ICP61 package for trace elements, and Hg-MS42 for mercury). One sample in hole CP21-02 was run for silver via the Ag-OG62 since it was over limit for the original method.

Samples were generally 1.52 metres (5 feet) core length, however varied from 0.61 metres to 3.05 metres based on stratigraphy, alteration, mineralization and core recovery. Standards were introduced at a rate of 1 standard per 20 samples.

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## **6.2 Fortuity 89 Gold Property**

On March 9, 2021 the Company entered into an option and earn-in agreement with Newcrest Resources, Inc., a wholly owned subsidiary of Newcrest Mining Limited on the Fortuity 89 property in Nevada. For details of the agreement terms please refer to the above section "Core Business". The Fortuity 89 property, located approximately four kms west of the Caldera property, was formerly included in the Caldera gold property. Discovery Harbour expanded the Fortuity 89 property by staking an additional 405 mineral claims early in 2021.

The Fortuity 89 property is an early-stage epithermal gold property, and now covers close to 34 square kilometres. It is characterized by limited outcrop in a large gravel covered plain. The limited outcrop is strongly altered and other indications are consistent with the area being high in a potentially gold bearing epithermal system.

On April 12, 2021 Discovery Harbour announced that Newcrest's planned activities include a geophysical program encompassing a 675 line kilometre drone airborne magnetic survey, a 250 station ground gravity survey and a 45 line kilometre audio band magnetotellurics (AMT) resistivity survey. It is intended that geologic and alteration sampling and mapping will also be undertaken with a soil geochemical sampling program. The intended outcome of this program is to identify potential drill targets for testing this calendar year.

On July 14, 2021 the Company announced that Newcrest, a wholly owned subsidiary of Newcrest Mining Limited, provided the initial results of its program on the Fortuity 89 property. A number of potential targets have been identified.

On October 28, 2021 the Company announced that Newcrest provided details of its planned drill program at Fortuity 89, Nevada. Subject to drill rig availability and potential impacts from COVID-19, Newcrest plans to drill a minimum of eight drill holes and 3,400 metres beginning in January, 2022 to test a series of low sulphidation epithermal gold targets on Fortuity 89. Newcrest completed a successful initial exploration program in the spring which included a geophysical program encompassing a 675 line kilometre drone airborne magnetic survey, a 250 station ground gravity survey and a 45 line kilometre audio band magnetotellurics (AMT) resistivity survey as well as geological and alteration mapping and sampling with a soil geochemical program (see news release July 14, 2021). The three geophysical surveys showed anomalies consistent between each different geophysical method and the geological and alteration mapping, establishing promising drill targets. The drill targets are proximal to the very limited outcrop and extend into the large plain overlain by a gravel cover. Newcrest's program was designed to evaluate the limited outcrop and provide interpreted extrapolations of the geological and structural mineralization controls, which are prospective for concealed low sulphidation epithermal gold mineralization below the shallow unconsolidated alluvial gravels.

The Company and Newcrest also agreed to extend the date when Newcrest must elect to proceed to the next phase of the Fortuity 89 Option/Joint Venture agreement from March 9, 2022 to August 15, 2022. Newcrest agreed to pay and has paid US\$25,000 in consideration for the Company granting the extension. The drill program has been delayed to provide sufficient time to secure a suitable drill rig and effectively carry out the full drill program.

Alan Morris, CPG is the Qualified Person for Discovery Harbour as defined in NI 43-101 and has reviewed and approved the technical contents of this MD&A.

## **7. SUMMARY OF QUARTERLY RESULTS**

The table below presents selected financial data for the Company's eight most recently completed fiscal quarters.

	<b>Q4</b> <b>Sep 30,</b> <b>2021</b> <b>\$</b>	<b>Q3</b> <b>Jun 30,</b> <b>2021</b> <b>\$</b>	<b>Q2</b> <b>Mar 31,</b> <b>2021</b> <b>\$</b>	<b>Q1</b> <b>Dec 31,</b> <b>2020</b> <b>\$</b>
Total revenue	-	-	-	-
Loss and comprehensive loss for the period	(52,158)	(79,214)	(101,126)	(118,929)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

	<b>Q4</b> <b>Sep 30,</b> <b>2020</b> <b>\$</b>	<b>Q3</b> <b>Jun 30,</b> <b>2020</b> <b>\$</b>	<b>Q2</b> <b>Mar 31,</b> <b>2020</b> <b>\$</b>	<b>Q1</b> <b>Dec 31,</b> <b>2019</b> <b>\$</b>
Total revenue	-	-	-	-
Loss and comprehensive loss for the period	(530,760)	(35,764)	(156,494)	(239,370)
Loss per share, basic and diluted	(0.01)	(0.00)	(0.00)	(0.01)

During the three month period ended September 30, 2020, the Company recorded share-based payments of \$327,244 for the grant of 3,250,000 stock options to directors, officers and consultants.

## **8. LIQUIDITY**

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. Although the Company believes it has sufficient funds to complete its drill program on Caldera, the Company may need to conclude an equity or debt financing within the next 12 months to meet its financial obligations and continue as a going concern.

Cash at September 30, 2021 was \$1,086,337 compared to cash of \$1,976,906 at September 30, 2020. Term deposits of \$nil were held at BMO Bank of Montreal at September 30, 2021 (2020 - \$313,000). Factors that could impact on the Company's liquidity are monitored regularly and include market changes, gold price changes, and economic downturns that affect the market price of the Company's trading securities for the purposes of raising financing. The current state of equity markets has improved marginally but still presents a challenge to financing raises. Management believes that this condition may continue over the next twelve months.

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On April 30, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of \$40,000. The CEBA is a government guaranteed loan of up to \$40,000 that is interest-free until December 31, 2022. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount (\$10,000) is eligible for forgiveness as long as the business pays back \$30,000 on or before December 31, 2022. If the business cannot pay back the loan by December 31, 2022, it can be converted into a 3-year term loan at an interest rate of 5%.

The Company's funds are sufficient for the current fiscal year, including completion of the drill program, but the Company will need to raise additional equity or loan financing in order to meet its financial obligations as they become payable in future years.

## **9. CAPITAL RESOURCES**

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The Company has no commitments for capital expenditures. The Company holds a property option agreement in the Caldera property that will require payment of unpatented mining claims rental and certain annual advanced royalty payments to maintain the option in good standing, as disclosed earlier in this MD&A and in the financial statements.

The Company does not have any capital resources in the form of debt, equity and any other financing arrangements, except for the CEBA loan disclosed under Section 8 on Liquidity.

## **10. OFF-BALANCE SHEET ARRANGEMENTS**

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The Company does not have any off-balance sheet arrangements.

## **11. TRANSACTIONS BETWEEN RELATED PARTIES**

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All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

### **a) Key Management Compensation**

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company.

During the year ended September 30, 2021, the Company recorded the following to key management personnel:

- \$107,500 (2020: \$145,000) in management fees to a company controlled by the Chief Executive Officer. As at September 30, 2021, the Company owed \$10,500 to this company (2020 - \$10,500) and \$nil to the CEO (2020 - \$3,860).
- \$nil (2020: \$30,000) in consulting fees to a company controlled by a Director.
- \$68,667 (2020: \$71,000) in salaries and benefits to a Director and Officer of the Company. As at September 30, 2021, the Company owed \$5,014 to this Director and Officer (2020 - \$Nil).
- \$nil (2020 - \$16,000) in salaries and benefits to the former CFO of the Company.
- \$16,306 (2020 - \$387,553) in share-based payments to related parties.

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The Company had entered into a Strategic Consulting Agreement (the "Agreement") with Ore Capital, formerly a significant shareholder with a common director, effective September 1, 2018 for a twelve month term with provisions for automatic renewal for consecutive twelve month terms unless 30 days written notice of termination is provided. As compensation for the services provided, Ore Capital received a monthly fee of \$5,000. On January 2, 2020, the amount of \$49,350 payable to Ore Capital was assigned to two directors of Ore Capital, one of whom was at the time (but is no longer) also a director of the Company, as to \$24,675 each. The Agreement was terminated on March 31, 2020 and the Company and Ore Capital entered into a debt settlement agreement and the Company recorded a gain on debt settlement of \$15,000.

A convertible debenture was previously issued and loans were advanced by Richard Gilliam, a director and major shareholder of the Company. These have been repaid in full.

**b) Property Acquisition**

Fifty-six of the additional claims added to the Caldera property were acquired from Ore Capital, a former significant shareholder with a former common director, on January 3, 2019.

**12. PROPOSED TRANSACTIONS**

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The Company is engaged in the search for potential mineral property acquisitions and financings, but there are currently no proposed asset or business acquisitions or dispositions. Other than disclosed in this Management's Discussion and Analysis, the Company does not have any proposed transactions.

**13. CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION**

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Please refer to note 3 in the September 30, 2021 consolidated financial statements on [www.sedar.com](http://www.sedar.com).

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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Please refer to note 12 in the September 30, 2021 consolidated financial statements on [www.sedar.com](http://www.sedar.com).

*Exploration and Development*

Exploration for mineral commodities is a speculative venture involving substantial risk. There are no guarantees that the Company's efforts in exploration will be successful in defining economically feasible deposits. Only a limited number of exploration programs run by mineral exploration companies (including the Company) are and are expected to be successful. The long-term profitability of the Company will in part be directly related to the costs and success of its exploration projects, which may be affected by a number of variables that are beyond the control of the Company.

*Financing*

None of the Company's projects are in production and as such, do not produce revenue. The Company's ability to conduct its exploration is based on its working capital and on its ability to raise financing necessary to support its activities through equity issuances and through proceeds from future dispositions of its mineral properties, or development and production from its properties. There can be no assurance that the Company will be successful in securing the funding required to support its activities, now or in the future. Failure to raise sufficient funding has caused the Company to suspend exploration activities and eventually may force it to sell or forfeit its interest in its properties. This could ultimately result in the

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dissolution of the Company. Numerous factors affect the Company's abilities to raise the necessary capital. Investor attitude, general market conditions and fluctuations and commodity prices are three main variables, over which the Company has no control or prior warning.

*Mining and Exploration Operations*

Mining or exploration operations involve a high degree of risk and danger. Natural and/or man-made hazards or accidents could cause the Company to be liable for physical or environmental damages and such liabilities could produce adverse financial effects on the Company and its financial position, as well as result in the possible forfeiture of its assets.

*Economics of Developing Mineral Properties*

Substantial costs are attached to the establishment of economic resources of mineral commodities. Exploration and development expenditure are required to determine the viability of any deposit prior to the extraction of the ore minerals. Although substantial financial benefits are attached to the production of commodities from an economic deposit, there is no assurance that every deposit discovered will contain sufficient quantities or grades to support the required development costs attached to mine and infrastructure construction. Therefore, announcements of apparent ore-grade mineralization from exploration activities are only the first steps in a long and costly process of bringing a discovery to a production status.

*Marketability of Commodities*

The marketability of precious and base metals that may be discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, government regulations and permitting issues, commodity pricing, acts of God or events of (or similar to events of) force majeure such as disease or natural disasters, taxation, royalties, land tenure, land use, import and export issues, and environmental permitting. The exact effect of these factors cannot be predicted and any combination of these factors may result in not being able to exploit.

*Pricing of Commodities*

The future value of the Company will, to some degree, be dependent on the pricing of mineral commodities in the marketplace and in particular, with the Caldera project, the price of gold. Fluctuations in the pertinent commodity prices continuously change and these fluctuations are beyond the control of the Company. Furthermore, although the Company continuously attempts to perceive the direction of commodity pricing and subsequent sales probabilities, the future pricing of mineral commodities remains uncertain and contributes to the high risk of investment in these types of opportunities.



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*Environmental Requirements*

At present, the Company conducts its exploration activities only in the State of Nevada. All phases of its operations are subject to the environmental regulations in that state. All laws and regulations relating to the environment are and must be strictly adhered to in order to avoid penalties and time delays in permit issuances. Environmental legislation and regulation is evolving and, in the future, may result in the enactment of laws and regulations that could negatively impact exploration and development or entirely preclude the development of mines. This would also have a negative material and financial effect on the Company. However, the existing State of Nevada's laws and regulations do not appear to the Company to impose in the near or long term any material restrictions that would cause significant harm to the Company nor hinder it from the development of operations there.

*Competition*

The mining industry (including exploration and development) is intensely competitive in all of its phases. The Company competes with numerous other companies possessing greater financial resources and technical facilities. There is no guarantee in the future that the Company may not lose or forfeit a mineral property because of a relative lack of funding, personnel or expertise.

*Title*

While the Company has, to the best of its knowledge, registered all its claims and licenses with the appropriate mining authorities and has filed all required documentation needed to keep the claims in good standing, these should not be considered absolute guarantees of irrevocable title to those properties. The Company's properties may also be subject to prior unregistered agreements or transfers and the Company's ownership of these properties may be affected by these or other undetected defects. The Company's properties may include recorded third party claims, which have not been surveyed, rendering uncertainty as to their exact location. The Company may also lose entitlement to claims if certain payments are not made. The Company's title to the Caldera property is subject to fulfilment of the terms of the original Caldera option agreement, as amended.

*Mining and Exploration Regulation*

Mining and exploration operations are subject to extensive regulation in the jurisdictions in which its projects are located. Future changes made by such authorities could adversely affect the Company's holdings and its ability to mine, as well as mining as a whole. The Company has no control over these possible changes. The Company has not filed for any permit to mine its properties with any governmental unit. However, mining and exploration regulations in the State of Nevada are comparatively stable and no new alterations or issues have been proposed to legislative changes that would adversely affect any present or future mining operations there.

*Cash Flow and Ongoing Business*

The Company has not generated any cash flow or earnings to support its activities and there can be no assurance that the Company will generate any earnings or cash flow in the future. Without such cash flow or earnings, future additional external funding including equity financing will eventually be required to fund the Company's activities. This future funding may not be available or, if available, may not be on terms acceptable to the Company and could result in the Company ceasing to exist.

*Dilution*

Shareholders will suffer dilution with respect to future private and/or public offerings of the Company's common shares (or securities convertible into common shares).

### *Key Management*

The Company has not purchased any “key man” insurance with respect to any of its directors, officers or key personnel to the date hereof. The loss of the Company’s President and Chief Executive Officer and any other current senior officer or director could have an adverse affect on the Company and its business, financial position and prospects.

### *Conflicts of Interest*

Certain of the Company’s directors and officers currently, and may in the future, serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of other companies. The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the Company will rely upon such laws in respect of any director or officer’s conflict of interest or in respect of any breaches of duty by any of its directors or officers.

### *Market Volatility*

In the past, there have been instances where the Company’s common shares did not trade or where trading was limited. Additionally, the trading price of common shares may be subject to wide fluctuations in response to operating results, results of exploration, market conditions and other events and factors outside the control of the Company such as acts of God or events of (or similar to events of) force majeure and even political events and environment. In addition, the stock market has experienced extreme price and volume fluctuations which have affected the market price of junior exploration companies. There can be no assurance that significant price fluctuations will not occur in the future, or of how the COVID-19 outbreak will impact capital markets beyond the near-term.

### *Risk of Infectious Diseases*

Emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases, including the COVID-19 outbreak, could have a material adverse effect on the Company by causing operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, social unrest, breach of material contracts, government or regulatory actions or inactions, changes in tax laws, payment deferrals, increased insurance premiums, declines in the price of precious metals, delays in permitting or approvals, governmental disruptions, capital markets volatility, or other unknown but potentially significant impacts. In addition, governments may impose strict emergency measures in response to the threat or existence of an infectious disease. The full extent and impact of the COVID-19 pandemic is unknown and, to-date, has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including precious metals) and has raised the prospect of a global recession. The international response to COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in global consumer activity. At this time, the Company cannot accurately predict what effects these conditions will have on mining operations or financial results, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of the travel restrictions and business closures that have been or may be imposed by the governments of impacted countries. In addition, a significant outbreak of contagious diseases in the human population, such as COVID-19, could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could result in a material adverse effect on

commodity prices, demand for metals, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's common shares. Accordingly, any outbreak or threat of an outbreak of an epidemic disease or similar public health emergency, including COVID-19, could have a material adverse effect on the Company's business, financial condition and results of operations. As at the date hereof, the duration of any business disruptions and related financial impact of the COVID-19 outbreak cannot be reasonably estimated. It is unknown whether and how the Company may be affected if a pandemic, such as the COVID-19 outbreak, persists for an extended period of time.

## **15. DISCLOSURE OF OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

As at the date of this report, the Company has 94,509,294 common shares issued and outstanding.

As at the date of this report, the Company has outstanding warrants as follows:

<b>Number</b>	<b>Exercise Price per Share (\$)</b>	<b>Expiry Date</b>
1,032,000	0.15	February 25, 2022
6,000,000	0.10	March 31, 2022
57,480,059	0.10	July 17, 2023
64,512,059		

On March 24, 2021, the Company extended the expiry date of 6,000,000 common share purchase warrants exercisable at \$0.10 per share from March 31, 2021 to March 31, 2022.

As at the date of this report, the Company has outstanding options as follows:

<b>Number</b>	<b>Exercise Price per Share (\$)</b>	<b>Expiry Date</b>
1,075,000	0.075	October 4, 2024
600,000	0.09	October 22, 2024
3,100,000	0.12	August 24, 2025
300,000	0.065	March 18, 2026
5,075,000		

## **16. COMMITMENTS, EXPECTED OR UNEXPECTED EVENTS, OR UNCERTAINTIES**

The Company is party to a property option agreement to acquire mineral properties.

The Company is party to various consulting, investor relations, employment agreements and a drill contract to complete a minimum of 8,000 feet of drilling on the Caldera property

Other than as disclosed in this Management's Discussion and Analysis, the Company does not have any commitments, expected or unexpected events, or uncertainties.

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## **17. BOARD OF DIRECTORS AND OFFICERS**

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The directors of the Company are Mark Fields (President and Chief Executive Officer), Richard Gilliam, Andrew Hancharyk, Rodney Stevens (Vice President, Interim Chief Financial Officer and Corporate Secretary), and Patrick Merrin.

In March 2021, the Company appointed Mr. Patrick Merrin to the Company's Board of Directors. Mr. Merrin has had increasingly senior positions in mining operations over the past 25 years. He recently served as Chief Operations Officer - Mining of The Washington Companies, a multi-billion dollar private conglomerate of heavy industrial businesses, including mining, located within Canada and the United States. Previous to that he was Senior Vice President of Canadian Operations of Goldcorp Inc. (now called Newmont Corporation) and held various senior positions with Hudbay Minerals Inc.

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## **18. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

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Forward- looking statements in this MD&A are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

The forward-looking statements, within the meaning of applicable Canadian Securities legislation, involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and copper, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, or “might” be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, risk relating to international operations, the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold or other minerals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; fluctuations in metal prices; as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be

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anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

#### **19. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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The accompanying financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and a majority of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. The Company's auditors have full and free access to the Audit Committee.

On behalf of the Board,

**DISCOVERY HARBOUR RESOURCES CORP.**

Mark Fields

President and Chief Executive Officer