ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All currency amounts are stated in U.S. dollars unless noted otherwise.

Current Business Activities

General

2021

Livengood Gold Project Developments

During the year ended December 31, 2021, the Company progressed on a decision to embark on a new phase for the Livengood Gold Project as a result of the strengthening macro-economic backdrop for gold.

On January 12, 2021, the Company announced that the Board had approved a 2021 budget of $5.6 million and endorsed the associated 2021 work program to advance the Livengood Gold Project (the "Project"). The key element of the 2021 work program was the completion of the Pre-Feasibility Study (the "PFS") for the Livengood Gold Project. The work program also advanced the baseline environmental data collection in critical areas of hydrology and waste rock geochemical characterization needed to support future permitting, as well as advance community engagement.

Livengood Gold Project Pre-Feasibility Study

On November 4, 2021, the Company announced the results of the PFS for the Project. The PFS detailed a project that would process 65,000 tons per day and produce 6.4 million ounces of gold over 21 years from a gold resource estimated at 13.6 million ounces at 0.60 g/tonne. The PFS utilized a third-party review by Whittle Consulting and BBA Inc. to integrate new interpretations based on an expanded geological database, improved geological modelling, new resource estimation methodology, an optimized mine plan and production schedule, additional detailed metallurgical work at various gold grades and grind sizes, changes in the target grind for the mill, new engineering estimates, and updated cost inputs, all of which significantly de-risk the Project. The PFS has estimated the capital costs of the Project at US$1.93 billion, the total cost per ton milled at US$13.12, the all-in sustaining costs at US$1,171 per ounce, and the net present value (5%) at US$1,800/oz of US$400 million.

The Project configuration evaluated in the PFS is a conventional, owner-operated surface mine that will utilize large-scale mining equipment in a blast/load/haul operation. Mill feed would be processed in a 65,000 tons per day comminution circuit consisting of primary and secondary crushing, wet grinding in a single semi-autogenous ("SAG") mill and single ball mill followed by a gravity gold circuit and a conventional carbon in leach ("CIL") circuit.

Whittle Enterprise Optimization

Prior to beginning the PFS, the Company retained Whittle Engineering and BBA Inc. to collaborate on an enterprise optimization study (the "Whittle and BBA Study") to review various technologies and project configurations and to recommend the optimum configuration for the PFS. The Whittle and BBA Study reviewed secondary crushing with SAG and ball mill, tertiary crushing with ball mill, gravity/CIL at p80 of 90 micron to 250 micron, stand-alone and auxiliary heap leach configurations, gravity only gold recovery, gravity/flotation with pressure oxidation and CIL of flotation concentrate. These configurations were evaluated at various combinations of project ramp up strategy, annual throughput, primary, secondary, and tertiary grind size, as well as mining fleet size and stockpile management strategies. Tailings technologies reviewed included conventional tailings and pressure filtered tailings.

The Whittle and BBA Study determined that the gravity/CIL plant at p80 250 micron with conventional tailings provided the highest net present value, which is the configuration detailed in the PFS.

The PFS was prepared by independent third-party consultants.

The Company cautions that the PFS is preliminary in nature, and is based on technical and economic assumptions which will be further refined and evaluated in a full feasibility study. The PFS is based on an updated Project mineral resource estimate effective as of August 20, 2021 using a different mineral resource model than used in the April 2017 Report.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus 2019 ("COVID-19") a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak, including as a result of the emergence of variant strains of the virus and ongoing vaccination efforts, and its ultimate effects on the Company's business, results of operations or ability to raise funds at this time, as of the date of this Annual Report on Form 10-K, the COVID-19 pandemic has not had any material adverse effects on the Company.

2022

Outlook

On March 9, 2022, the Company announced that the Board had approved a 2022 budget of $3.2 million and endorsed the associated 2022 work program to advance the Livengood Gold Project. The 2022 work will advance the baseline environmental data collection in critical areas of hydrology and waste rock geochemical characterization needed to support future permitting, as well as advance community engagement.

The Company remains open to a strategic alliance to help support the future development of the Project while considering all other appropriate financing options. The size of the gold resource, the Project's favorable location, and the Company's proven team are some of the reasons the Company would potentially attract a strategic partner with a long-term development horizon who understands the Project is highly leveraged to gold prices.

Results of Operations
Summary of Quarterly Results

Description	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net loss	$ (1,015,489)	$ (1,648,913)	$ (2,178,014)	$ (1,137,872)
Basic and diluted net loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

Description	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Net income (loss)	$ (1,995,576)	$ (1,101,763)	$ (1,486,464)	$ 65,085
Basic and diluted net income (loss) per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ 0.00

Significant fluctuations in the Company's quarterly net income (loss) have mainly been the result of operating cost changes.

Year ended December 31, 2021 compared to Year ended December 31, 2020

The Company had cash and cash equivalents of $7,780,671 at December 31, 2021 compared to $13,049,293 at December 31, 2020. The Company incurred a net loss of $5,980,288 for the year ended December 31, 2021, compared to a net loss of $4,518,718 for the year ended December 31, 2020. The following discussion highlights certain selected financial information and changes in operations between the year ended December 31, 2021 and the year ended December 31, 2020.

Mineral property exploration expenditures were $3,517,540 for the year ended December 31, 2021 compared to $2,364,899 for the year ended December 31, 2020. The increase of $1,152,641 is due to expenditures for metallurgical studies and engineering to complete the PFS on the Livengood Gold Project, partially offset by the Company limiting field activities to the continuation of critical environmental baseline work while moving forward with a multi-phase metallurgical test work program.

Share-based payment charges were $535,117 during the year ended December 31, 2021 compared to $385,531 during the year ended December 31, 2020. The $149,586 increase in share-based payment charges during the period was mainly the result of equity compensation issued or granted to certain officers and employees of the Company at a higher issue price during the year ended December 31, 2021 as compared to the year ended December 31, 2020. The Company granted 316,795 deferred share units ("DSUs") of C$1.31 per DSU and 240,000 incentive stock options at an issue price of C$1.31 per option during the year ended December 31, 2021 compared to 451,085 DSUs of C$0.92 per DSU and 255,000 incentive stock options at an issue price of C$0.92 per option during the year ended December 31, 2020. All DSUs granted in each of these periods were fully vested upon issuance and all options vest one-third on the grant date, one-third on the first anniversary, and one-third on the second anniversary. At December 31, 2021, there was $98,577 of unrecognized compensation expense related to non-vested options outstanding.

Share-based payment charges were allocated as follows:

Expense category:	**Year ended December 31, 2021**	**Year ended December 31, 2020**
Consulting	$ 380,878	$ 304,205
Investor relations	10,282	6,456
Wages and benefits	143,957	74,870
	$ 535,117	$ 385,531

Excluding share-based payment charges of $380,878 and $304,205, respectively, consulting fees increased to $231,509 for the year ended December 31, 2021 from $168,208 for the year ended December 31, 2020. The increase of $63,300 is primarily due to increased investor relations services.

Excluding share-based payment charges of $143,957 and $74,870, respectively, wages and benefits increased to $791,116 for the year ended December 31, 2021 from $733,967 for the year ended December 31, 2020. The increase of $57,149 is primarily due to increased healthcare expenses of $12,782 and increased payroll and payroll-related benefit accruals of $44,367 as at December 31, 2021.

Regulatory expenses were $178,264 for the year ended December 31, 2021 compared to $138,191 for the year ended December 31, 2020. The increase of $40,073 is primarily due to costs for TSX listing fees and increased filing fees due to the Company's increased market valuation.

Insurance costs were $179,659 for the year ended December 31, 2021 compared to $144,837 for the year ended December 31, 2020. The increase of $34,822 is primarily due to premium increases to maintain coverage.

Excluding share-based payment charges of $10,282 and $6,456, respectively, investor relations costs were $66,974 for the year ended December 31, 2021 compared to $50,750 for the year ended December 31, 2020. The increase of $16,224 was primarily due to contracted investor relations services of $10,072 and conference expenses of $6,152.

Excluding share-based payments, all other operating expense categories reflected only moderate changes period over period.

Other items amounted to an expense of $64,839 during the year ended December 31, 2021 compared to an expense of $103,889 in the year ended December 31, 2020. The Company had a foreign exchange loss of $101,818 during the year ended December 31, 2021 compared to a foreign exchange loss of $191,071 during the year ended December 31, 2020 as a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances. The average exchange rate during the year ended December 31, 2021 was C$1 to US$0.7994 compared to C$1 to US$0.7461 for the year ended December 31, 2020.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed through sale of its equity securities by way of public offerings, private placements and the subsequent exercise of share purchase and broker warrants issued in connection with such private placements. There are currently no warrants outstanding.

As at December 31, 2021, the Company reported cash and cash equivalents of $7,780,671 compared to $13,049,293 at December 31, 2020. The decrease of approximately $5.3 million resulted mainly from operating expenditures on the Livengood Gold Project of approximately $5.3 million.

Our anticipated expenditures for year 2022 are approximately $3.2 million, including $426,972 for mineral property leases and $205,720 for mining claim government fees. Total commitments for years 2022 through 2027 for mineral property leases and mining claim government fees are $3,050,441 and $1,234,320, respectively.

As at March 8, 2022, management believes that the Company has sufficient financial resources to maintain its operations for the next twelve months.

The Company had no cash flows from financing activities during the year ended December 31, 2021.

Financing activities during the year ended December 31, 2020 included an "at-the-market" offering pursuant to which the Company issued a total of 7,334,513 common shares at an average price of $1.40 for gross proceeds of $10.3 million. Share issuance costs included $0.5 million related to the Offering.

The Company had no cash flows from investing activities during the years ended December 31, 2021 and December 31, 2020.

As at December 31, 2021, the Company had working capital of $7,342,470 compared to working capital of $12,718,381 at December 31, 2020. The Company expects that it will operate at a loss for the foreseeable future, but believes the current cash and cash equivalents will be sufficient for it to complete its anticipated 2022 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs through the 2023 fiscal year.

The Company will require significant additional financing to continue its operations (including general and administrative expenses) in connection with advancing activities at the Livengood Gold Project and the development of any mine that may be determined to be built at the Livengood Gold Project, and there is no assurance that the Company will be able to obtain the additional financing required on acceptable terms, if at all. In addition, any significant delays in the issuance of required permits for the ongoing work at the Livengood Gold Project, or unexpected results in connection with the ongoing work, could result in the Company being required to raise additional funds to advance permitting efforts. The Company's review of its financing options includes pursuing a future strategic alliance to assist in further development, permitting and future construction costs, although there can be no assurance that any such strategic alliance will, in fact, be realized.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "Risk Factors – *We will require additional financing to fund exploration and, if warranted, development and production. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern.*" The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes. Due to this uncertainty, if the Company is unable to secure additional financing, it may be required to reduce all discretionary activities at the Project to preserve its working capital to fund anticipated non-discretionary expenditures beyond the 2023 fiscal year.

Other than cash held by its subsidiaries for their immediate operating needs in the United States, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions.

Critical Accounting Estimates

Mineral properties and exploration and evaluation expenditures

The Company's mineral project is currently in the exploration and evaluation phase. Mineral property acquisition costs are capitalized when incurred. Mineral property exploration costs are expensed as incurred. At such time that the Company determines that a mineral property can be economically developed, subsequent mineral property expenses will be capitalized during the development of such property.

The Company assesses interests in exploration properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment analysis includes assessment of the following circumstances: a significant decrease in the market price of a long-lived asset or asset group; a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used or in its physical condition; a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset or asset group, including an adverse action or assessment by a regulator; an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset or asset group; a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group; or a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term more likely than not refers to a level of likelihood that is more than 50%.

Stock-based compensation

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Section 718 "Compensation - Stock Compensation", which establishes accounting for equity-based compensation awards to be accounted for using the fair value method. The Company uses the Black-Scholes option pricing model to determine the grant date fair value of the awards. Compensation expense is measured at the grant date and recognized over the requisite service period, which is generally the vesting period.

Recently Adopted Accounting Policies

For a description of recently adopted accounting policies, please see Note 2 – *Summary of Significant Accounting Policies* within our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.