ECLIPSE GOLD MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2020 and the period from incorporation on May 3, 2019 to October 31, 2019
INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
Eclipse Gold Mining Corp.

Opinion

We have audited the accompanying consolidated financial statements of Eclipse Gold Mining Corp. (the “Company”), which comprise the consolidated statements of financial position as at October 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended October 31, 2020 and the period from incorporation on May 3, 2019 to October 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020 and 2019, and its financial performance and its cash flows for the year ended October 31, 2020 and the period from incorporation on May 3, 2019 to October 31, 2019 in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor’s report includes Management’s Discussion and Analysis.

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

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

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Guy Thomas.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada Chartered Professional Accountants

December 17, 2020
# Eclipse Gold Mining Corporation
(\textit{an Exploration Stage Company})

\textbf{Consolidated Statements of Financial Position}

\textit{Expressed in Canadian Dollars}

\begin{tabular}{lcc}
\hline
\textbf{ASSETS} & \textbf{Note} & \textbf{October 31, 2020} & \textbf{October 31, 2019} \\
\hline
\textbf{Current} & & $ & $ \\
Cash & & 9,097,698 & 1,210,234 \\
Receivables & & 64,921 & 5,419 \\
Prepaid expenses & & 198,192 & 23,309 \\
& & 9,360,811 & 1,238,962 \\
\textbf{Non-current} & & & \\
Computer equipment & & 7,773 & - \\
Exploration and evaluation asset & 5 & 1,807,219 & 718,348 \\
Deposits & 6 & 186,452 & - \\
\hline
\textbf{TOTAL ASSETS} & & 11,362,255 & 1,957,310 \\
\hline
\textbf{LIABILITIES} & & & \\
\textbf{Current} & & & \\
Accounts payable and accrued liabilities & & 731,830 & 310,424 \\
Escrowed funds from financing & 8(a) & - & 230,219 \\
& & 731,830 & 540,643 \\
\textbf{Non-current} & & & \\
Reclamation provision & 7 & 22,481 & - \\
\hline
\textbf{TOTAL LIABILITIES} & & 754,311 & 540,643 \\
\hline
\textbf{EQUITY} & & & \\
Share capital & 8 & 19,405,668 & 2,465,252 \\
Share-based payments and warrants reserve & 8 & 946,123 & - \\
Deficit & & (9,743,847) & (1,048,585) \\
\hline
\textbf{TOTAL SHAREHOLDERS’ EQUITY} & & 10,607,944 & 1,416,667 \\
\hline
\textbf{TOTAL LIABILITIES AND} & & 11,362,255 & 1,957,310 \\
\textbf{SHAREHOLDERS’ EQUITY} & & & \\
\hline
\end{tabular}

\textbf{Nature of operations and going concern} \textit{(Note 1)}

\textbf{Subsequent events} \textit{(Note 14)}

Approved by the Board of Directors on December 17, 2020

\begin{itemize}
\item \textit{“Marcel de Groot”} \\
\textit{Director}
\item \textit{“Darryl Cardey”} \\
\textit{Director}
\end{itemize}

The accompanying notes form an integral part of these consolidated financial statements.
## Eclipse Gold Mining Corporation
(an Exploration Stage Company)

### Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars (except weighted average number of shares outstanding)

<table>
<thead>
<tr>
<th>Note</th>
<th>For the year ended October 31, 2020</th>
<th>For the Period from incorporation on May 3, 2019 to October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exploration and evaluation expenditures</td>
<td>5</td>
<td>4,723,937</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td></td>
<td>66,538</td>
</tr>
<tr>
<td>Interest and bank charges</td>
<td></td>
<td>7,534</td>
</tr>
<tr>
<td>Investor relations, marketing and consulting fees</td>
<td></td>
<td>1,365,816</td>
</tr>
<tr>
<td>Office, amortization and sundry</td>
<td></td>
<td>149,327</td>
</tr>
<tr>
<td>Professional fees</td>
<td></td>
<td>412,616</td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td>119,982</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>11</td>
<td>1,097,574</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>8 (b)(c), 11</td>
<td>631,954</td>
</tr>
<tr>
<td>Transfer agent and filing fees</td>
<td></td>
<td>101,141</td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td>55,124</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td>(8,731,543)</td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td>36,281</td>
</tr>
<tr>
<td><strong>Loss and comprehensive loss for the period</strong></td>
<td></td>
<td>(8,695,262)</td>
</tr>
</tbody>
</table>

**Loss per share**
- **Basic and diluted**
  - (0.21)  
  - (0.12)

**Weighted average number of common shares outstanding**
- 41,559,812
- 8,461,084

The accompanying notes form an integral part of these consolidated financial statements.
Eclipse Gold Mining Corporation  
(an Exploration Stage Company)  
Consolidated Statements of Changes in Equity  
Expressed in Canadian Dollars

<table>
<thead>
<tr>
<th>Note</th>
<th>Share Capital (Number of Shares – fully paid)</th>
<th>Share Capital $</th>
<th>Share-based payments and warrants reserve $</th>
<th>Deficit $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>May 3, 2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Private placements</td>
<td>8 24,718,533</td>
<td>2,465,252</td>
<td>-</td>
<td>2,465,252</td>
</tr>
<tr>
<td></td>
<td>Loss for the period</td>
<td>-</td>
<td>-</td>
<td>- (1,048,585)</td>
<td>(1,048,585)</td>
</tr>
<tr>
<td></td>
<td><strong>October 31, 2019</strong></td>
<td>24,718,533</td>
<td>2,465,252</td>
<td>- (1,048,585)</td>
<td>1,416,667</td>
</tr>
<tr>
<td></td>
<td>Private placements</td>
<td>8 (a) 31,485,232</td>
<td>17,413,831</td>
<td>-</td>
<td>17,413,831</td>
</tr>
<tr>
<td></td>
<td>Shares issued as issuance costs</td>
<td>8 (a) 372,343</td>
<td>130,320</td>
<td>-</td>
<td>130,320</td>
</tr>
<tr>
<td></td>
<td>Private placements issuance costs</td>
<td>8 (a)</td>
<td>- (1,085,159)</td>
<td>-</td>
<td>(1,085,159)</td>
</tr>
<tr>
<td></td>
<td>Shares issued as consideration for</td>
<td>5, 8 (a)</td>
<td>1,100,000</td>
<td>-</td>
<td>789,000</td>
</tr>
<tr>
<td></td>
<td>Exploration and Evaluation asset</td>
<td></td>
<td>789,000</td>
<td>-</td>
<td>789,000</td>
</tr>
<tr>
<td></td>
<td>Warrants issued as issuance costs</td>
<td>8 (d)</td>
<td>(318,940)</td>
<td>318,940</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Share-based payments</td>
<td>8 (b) (c)</td>
<td>-</td>
<td>631,954</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Exercise of stock options</td>
<td>8 (b)</td>
<td>18,750</td>
<td>11,364</td>
<td>(4,771)</td>
</tr>
<tr>
<td></td>
<td>Loss for the year</td>
<td>-</td>
<td>-</td>
<td>- (8,695,262)</td>
<td>(8,695,262)</td>
</tr>
<tr>
<td></td>
<td><strong>October 31, 2020</strong></td>
<td>57,694,858</td>
<td>19,405,668</td>
<td>946,123</td>
<td>(9,743,847)</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
Eclipse Gold Mining Corporation  
(an Exploration Stage Company)  
Consolidated Statements of Cash Flows  
Expressed in Canadian Dollars

<table>
<thead>
<tr>
<th>Note</th>
<th>For the Period from incorporation on May 3, 2019 to October 31, 2019 $</th>
<th>For the year ended October 31, 2020 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows provided by (used in) Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(8,695,262)</td>
<td>(1,048,585)</td>
</tr>
<tr>
<td>Items not affecting cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized foreign exchange</td>
<td>76,304</td>
<td>4,634</td>
</tr>
<tr>
<td>Interest income</td>
<td>(28,747)</td>
<td>-</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>631,954</td>
<td>-</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>1,876</td>
<td>-</td>
</tr>
<tr>
<td>Changes in non-cash working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(47,749)</td>
<td>(5,419)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(174,883)</td>
<td>(23,309)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>541,397</td>
<td>190,433</td>
</tr>
<tr>
<td></td>
<td>(7,695,110)</td>
<td>(882,246)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of computer equipment</td>
<td>(9,650)</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of exploration and evaluation assets</td>
<td>5</td>
<td>(396,954)</td>
</tr>
<tr>
<td>Acquisition of deposits</td>
<td>(194,740)</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>28,748</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(572,596)</td>
<td>(598,357)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of common shares, net of costs</td>
<td>8</td>
<td>16,217,020</td>
</tr>
<tr>
<td>Advances with respect to private placement financings</td>
<td>-</td>
<td>230,219</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>8 (b)</td>
<td>6,593</td>
</tr>
<tr>
<td></td>
<td>16,223,613</td>
<td>2,695,471</td>
</tr>
<tr>
<td>Impact of exchange rate changes on cash</td>
<td>(68,445)</td>
<td>(4,634)</td>
</tr>
<tr>
<td><strong>Increase in cash for the period</strong></td>
<td>7,887,462</td>
<td>1,210,234</td>
</tr>
<tr>
<td>Cash – Beginning of period</td>
<td>1,210,234</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash – End of period</strong></td>
<td>9,097,698</td>
<td>1,210,234</td>
</tr>
</tbody>
</table>

**Non-cash financing and investing activities**

<table>
<thead>
<tr>
<th>Note</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration and evaluation assets included in accounts payable</td>
<td>-</td>
<td>119,991</td>
</tr>
<tr>
<td>Shares issued for exploration and evaluation asset</td>
<td>8(a)</td>
<td>789,000</td>
</tr>
<tr>
<td>Recognition of reclamation provision</td>
<td>7</td>
<td>22,909</td>
</tr>
<tr>
<td>Finders shares issued pursuant to Private Placement (February)</td>
<td>8 (a)</td>
<td></td>
</tr>
<tr>
<td>Warrants issued pursuant to Private Placement (July)</td>
<td>8 (d)</td>
<td>318,940</td>
</tr>
<tr>
<td>Fair value of options exercised</td>
<td>8 (b)</td>
<td>4,771</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these consolidated financial statements.
Eclipse Gold Mining Corporation
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended October 31, 2020 and the period from incorporation on May 3, 2019 to October 31, 2019

Expressed in Canadian Dollars unless otherwise stated

1. Nature of Operations and Going Concern

Eclipse Gold Mining Corporation. (“Eclipse Gold” or the “Company”) was incorporated under the laws of the Province of British Columbia, Canada, on May 3, 2019. The Company’s corporate office, registered address and records office are located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6.

Eclipse Gold is an exploration stage mining company with one wholly-owned direct subsidiary, Alcmene Mining Inc. (a British Columbia-based company) and one indirect wholly-owned subsidiary (which is owned 100% by Alcmene Mining Inc), Hercules Gold USA, LLC (“Hercules Gold”), a Nevada-based company. The Company, through its subsidiary, Hercules Gold has an option to acquire the Hercules Project situated in Lyon County, Nevada (Note 5).

These consolidated financial statements (the “Financial Statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. Eclipse Gold is an exploration stage company which incurred a loss of $8,695,262 for the year ended October 31, 2020, and as at October 31, 2020 had an accumulated deficit of $9,743,847. The Company is expected to incur operating losses for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company estimates it has sufficient funds to operate for the next 12 months. These financial statements do not include adjustments that may be necessary if the going concern principal is not appropriate.

During the first calendar quarter of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization; this has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot yet be determined, but they could have a prospective material impact to the Company’s exploration activities and ability to raise financing and therefore the Company’s cash flows and liquidity. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company are not known at this time.

On February 18, 2020, the Company’s common shares commenced trading on the TSX Venture Exchange (“TSXV”) under the ticker symbol “EGLD”. The Company is also listed on the USOTC market under the ticker symbol “EGLPF”.

2. Basis of Presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

3. Significant Accounting Policies

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Hercules Gold and Alcmene Mining Inc since their respective incorporations on August 16, 2019 and October 24, 2019. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where
control is defined as the power to govern the financial and operating policies of an enterprise to obtain benefits from its activities. All inter-group balances have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Foreign Currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, Alcmene Mining Inc. and Hercules Gold is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards 21, The Effects of Changes in Foreign Exchange Rates (“IAS 21”).

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions and then translated to the Canadian dollar in accordance with IAS 21. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the acquisition date. All gains and losses on translation of these foreign currency transactions are included in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial Instruments

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

Financial assets and liabilities are offset, and the net amount is reported on the Statement of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Initial Recognition

At initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss (“FVTPL”). Transaction costs of financial assets and liabilities classified as FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Classification of Financial Assets

Amortized cost

Financial assets that meet the following conditions are measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company holds the following financial assets at amortized cost: cash, receivables and deposits.

**Fair value through other comprehensive income (“FVTOCI”)**

Financial assets that meet the following conditions are measured at FVTOCI.
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any instruments classified as financial assets at FVTOCI.

**FVTPL**

All other financial assets are measured at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

The Company does not have any financial assets measured at fair value through profit or loss.

**Impairment**

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**Classification of Financial Liabilities**

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the statement of financial position at amortized cost.
As at October 31, 2020, the Company does not have any derivative financial liabilities.

**Exploration and evaluation assets**

Acquisition costs of mineral claims are initially capitalized as exploration and evaluation assets as incurred and include cash consideration and the fair market value of shares issued on the acquisition of mineral properties. Exploration and pre-extraction expenditures are expensed as incurred until such time as technical feasibility and commercial viability of the mineral properties is demonstrable, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred.

When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating units or “CGUs”).

If an indicator of impairment exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

**Asset retirement obligations**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Risk-free discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The Company records a provision for environmental rehabilitation in the financial statements when it is incurred and capitalizes this amount as an increase in the carrying amount of the related asset. These costs are charged to profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.
Income taxes

Current income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the periods presented. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

Share-based compensation

The fair value of the share-based compensation awards for stock options and compensation warrants is determined at the date of grant using the Black-Scholes option pricing model. The fair value of stock options is determined using the Black-Scholes valuation model. The fair value of restricted share units is based on the Company’s share price on the date of grant. The fair value of the award is charged to profit and loss and credited to reserves rateably over the vesting period, after adjusting for the number of awards that are expected to vest. Expenses recognized for forfeited awards are reversed. For awards that are cancelled, any expense not yet recognized is recognized immediately in profit and loss. Where the terms of an equity-settled award are modified, as a minimum an expense
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is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement as measured at the date of modification, over the remainder of the vesting period.

The share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Changes in accounting standards

There are no upcoming changes in accounting standards which impact the Company.

4. Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments

Judgments made in applying accounting policies that have the most significant effect on the amounts recognized is these consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as financing activities, expenses and cash flow, retention of operating cash flows, and frequency of transactions within the reporting entity.

Estimates

Estimates made in applying accounting policies that have the most significant effect on the amounts recognized is these Financial Statements are as follows:

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.
Share-based compensation

In calculating the fair value of share-based compensation, management makes estimates related to the Company’s share price volatility, the expected life of the option and the probability of forfeiture. To the extent that these estimates are not correct, the actual future value of the share-based compensation may differ.

Valuation of warrants

In calculating the fair value of warrants issued, management makes estimates related to the Company’s share price volatility and the expected life of the warrants. To the extent that these estimates are not correct, the value of warrants within equity may differ.

Reclamation provisions

The Company’s reclamation provision represents management’s best estimate of the present value of the future cash outflows required to settle the obligation. Management assesses these provisions on an annual basis or when new information becomes available. This assessment includes the estimation of the future reclamation costs, the timing of these expenditures, inflation, and the impact of changes in discount rates, interest rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

5. Exploration and evaluation assets and expenditures

Exploration Option Agreement

On August 9, 2019, the Company and the Company’s subsidiary, Hercules Gold entered into an agreement with Great Basin Resources, Inc (“Great Basin”) and Iconic Minerals Ltd. (“Iconic”), for an option to obtain 100% interest in the Hercules Project, comprising certain unpatented mining claims located in Lyon County, Nevada (the “Hercules Project”) (the “Agreement”). The option agreement has a maximum term of 12 years from the date the Company’s common shares become listed on a public stock exchange, being February 18, 2020 (the “Listing Date”).

In consideration for the option, Hercules Gold and the Company, together are required to:

- pay US$50,000 to Great Basin and $325,000 to Iconic upon inception of the Agreement (paid);
- pay US$50,000 to Great Basin on each anniversary of the Listing Date (a maximum of US$600,000);
- issue to Iconic an aggregate of 4,000,000 common shares of Eclipse Gold; 1,000,000 on the Listing Date (issued), and 1,000,000 on each of the first, second and third anniversaries of the Listing Date (note 8(a)).

Hercules Gold is also required to pay all mining claim maintenance fees with respect to the Hercules Project and incur exploration expenditures as follows:

- $100,000 for the preparation of an NI 43-101 report with respect to the Hercules Project;
- US$550,000 by the first anniversary of the Listing Date;
- An additional US$750,000 by the second anniversary of the Listing Date; and
- An additional US$1,000,000 by the third anniversary of the Listing Date.
The property is subject to a 3% net smelter royalty ("NSR"), payable to Great Basin. The Company may repurchase 50% of the NSR for US$2,000,000 at any point prior to 90 days post commercial production.

On January 6, 2020, the Company’s wholly-owned subsidiary, Hercules Gold entered into an agreement with Joseph Sawyer, Sr. to acquire additional claims that are contiguous to the Hercules Project in consideration for US$64,000, of which US$40,000 was paid on January 6, 2020 and US$24,000 is due within a year of entering into the agreement. In addition, the Company granted Joseph Sawyer, Sr. a 2% NSR royalty with certain buy down rights.

On February 25, 2020, the Company’s wholly-owned subsidiary, Hercules Gold, entered into an agreement with Comstock Exploration and Development LLC, to acquire certain mineral claims for a sum of US$100,000 (paid) and subject to a 2% NSR royalty with certain buy down rights.

On July 28, 2020, the Company’s wholly-owned subsidiary, Hercules Gold, entered into an agreement with Donna Santos, to acquire certain mineral claims for a sum of US$23,750 (paid) and subject to a 2% NSR royalty with certain buy down rights.

On October 16, 2020, Hercules Gold acquired a 100% interest in certain mineral claims from Comstock Mining Inc, for consideration of 100,000 shares of the Company and a 2% NSR royalty which is subject to certain buy-down rights. These shares had a fair value of $69,000.

On October 21, 2020, Hercules Gold entered into an agreement with Nevada Select Royalty, Inc to purchase a mineral claim for US$20,000 and by granting the seller a 2% NSR which is subject to certain buy-down rights.

**Exploration and Evaluation Asset**

A reconciliation of the Company’s Exploration and Evaluation asset is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at May 3, 2019</td>
<td>-</td>
</tr>
<tr>
<td>Payment to Great Basin (US$50,000)</td>
<td>67,335</td>
</tr>
<tr>
<td>Payment to Iconic</td>
<td>325,000</td>
</tr>
<tr>
<td>Claim staking</td>
<td>326,013</td>
</tr>
<tr>
<td><strong>Balance at October 31, 2019</strong></td>
<td>718,348</td>
</tr>
<tr>
<td>Share consideration to Iconic</td>
<td>720,000</td>
</tr>
<tr>
<td>Acquisition of additional claims</td>
<td>312,600</td>
</tr>
<tr>
<td>Claim staking</td>
<td>33,362</td>
</tr>
<tr>
<td>Reclamation cost (note 7)</td>
<td>22,909</td>
</tr>
<tr>
<td><strong>Balance at October 31, 2020</strong></td>
<td><strong>1,807,219</strong></td>
</tr>
</tbody>
</table>
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Exploration and Evaluation Expenditures  
The breakdown of exploration expenses incurred is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended October 31, 2020</th>
<th>Period from incorporation on May 3, 2019 to October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Exploration expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claim maintenance fees</td>
<td>276,224</td>
<td>378,846</td>
</tr>
<tr>
<td>Consulting</td>
<td>1,320,894</td>
<td>28,597</td>
</tr>
<tr>
<td>Drilling support and access</td>
<td>965,532</td>
<td>-</td>
</tr>
<tr>
<td>Drilling</td>
<td>734,968</td>
<td>-</td>
</tr>
<tr>
<td>Mapping &amp; sampling</td>
<td>-</td>
<td>89,076</td>
</tr>
<tr>
<td>Sample processing</td>
<td>506,847</td>
<td>-</td>
</tr>
<tr>
<td>Surveys</td>
<td>640,429</td>
<td>51,371</td>
</tr>
<tr>
<td>Technical reports</td>
<td>1,742</td>
<td>62,729</td>
</tr>
<tr>
<td>Travel and other</td>
<td>277,301</td>
<td>19,475</td>
</tr>
<tr>
<td></td>
<td>4,723,937</td>
<td>630,094</td>
</tr>
</tbody>
</table>

6. Deposits  
During fiscal 2020, the Company deposited a bond of US$140,000 (2019 – $nil) (the “Bond”) with the Bureau of Land Management Nevada State Office (“NSO”) in order to provide state-wide coverage for operations conducted by Hercules Gold on its mining claims which comprise the Hercules Project. The Bond is returnable to the Company only after the NSO is satisfied that there is no outstanding reclamation liability associated with the land or after the Bond is replaced by another bond.

7. Reclamation provision  
The Company’s reclamation provision consists of the estimated reclamation costs associated with the Company’s drilling activity to the Statement of Financial Position date and primarily includes costs for: earthworks, recontouring, revegetation and stabilization. The provision is recorded at the current dollar equivalent.

A reconciliation of the Company’s reclamation provision is as follows:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - May 3, 2019 and October 31, 2019</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>22,909</td>
</tr>
<tr>
<td>Impact of foreign exchange</td>
<td>(428)</td>
</tr>
<tr>
<td><strong>Balance – October 31, 2020</strong></td>
<td><strong>22,481</strong></td>
</tr>
</tbody>
</table>
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8. Share Capital  

(a) Common Shares  

The Company’s authorized share capital consists of unlimited number common shares without par value and without special rights and restrictions attached.  

During period ended October 31, 2019, the Company:  

On May 3, 2019, issued 200 founders shares at an issue price of $0.01 for gross aggregate proceeds of $2.  

On August 1, 2019, completed a private placement issuing 4,500,000 common shares at an issue price of $0.01 per common share for gross aggregate proceeds of $45,000.  

On August 12, 2019, completed a private placement issuing 8,625,000 common shares at an issue price of $0.05 per common share for gross aggregate proceeds of $431,250.  

On September 19, 2019, completed a private placement issuing 9,093,333 common shares at an issue price of $0.15 per common share for gross aggregate proceeds of $1,364,000.  

On October 11, 2019, completed a private placement issuing 2,500,000 common shares at an issue price of $0.25 per common share for gross aggregate proceeds of $625,000.  

Share transactions during the year ended October 31, 2020:  

On November 19, 2019, the Company completed a private placement of subscription receipts (the “Subscription Receipt Financing”) at a price of $0.35 per subscription receipt for aggregate gross proceeds of $5,425,081 (the “Escrowed Funds”) and issued 15,500,232 subscription receipts (the “Subscription Receipts”). On February 6, 2020, the Company filed a final prospectus with the British Columbia Securities Commission (“BCSC”) qualifying the distribution of the common shares in the capital of the Company issuable for no additional consideration upon deemed exercise of the 15,500,232 Subscription Receipts of the Company issued on November 19, 2019. The Subscription Receipts were converted into common shares of the Company on a one-for-one basis on February 10, 2020 and the Escrowed Funds were released to the Company. Commission paid to finders relating to this financing were $708 in cash and 372,343 in common shares of the Company, valued at $130,320. Total share issuance costs of $144,912 (of which $130,320 was non-cash share consideration) were incurred in relation to the Subscription Receipt Financing, which were recorded as a reduction to share capital.  

As at October 31, 2019, the escrow funds of $230,219 were considered contingently returnable, and as such were recorded as a liability in the Statement of Financial Position. Once the Escrowed Funds were released to the Company on February 10, 2020, they were no longer contingently returnable and so recorded within Share capital in the Statement of Financial Position.  

On February 18, 2020, the Company’s common shares commenced trading on the TSXV under the ticker symbol “EGLD”. On February 28, 2020, the Company issued 1,000,000 common shares (valued at $720,000) to Iconic in accordance with the Agreement (note 5).  

On July 7, 2020, the Company closed a bought deal prospectus offering of 15,985,000 common shares of the Company at a price of $0.75 per share for aggregate gross proceeds of $11,988,750. Total underwriters commission, legal and filing fees and other expenses associated with the prospectus offering were $940,455 for total net cash proceeds of $11,048,295.
In addition, the Company issued to the underwriters an aggregate of 907,470 non-transferable compensation warrants valued at $318,940. Each warrant is exercisable into one common share at $0.75, subject to adjustments in certain events, until July 7, 2021 (note 8(d)).

On October 16, 2020, Eclipse Gold issued 100,000 shares to Comstock Mining Inc in return for certain mineral claims; these shares had a fair value of $69,000 (note 5).

As at October 31, 2020, 18,417,200 of the Company’s shares were held in escrow. Such shares are to be released based on a predetermined schedule from as early as the Listing Date to a maximum of 36 months after the Listing Date.

(b) Stock options

The Company has an incentive stock option plan (the “Option Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions to be determined by the board of directors. The maximum expiry term is five years from the grant date. All options are equity settled. The Option Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of the grant.

On February 18, 2020, the Company granted 3,150,000 stock options to officers, directors, employees and consultants of the Company with an exercise price of $0.35 exercisable until February 18, 2023.

On March 13, 2020, the Company granted 50,000 stock options to a consultant of the Company with an exercise price of $0.52 exercisable until March 13, 2023.

All stock options issued vest as follows:

- 25% - 6 months from the grant date;
- 25% - 12 months from the grant date;
- 25% - 18 months from the grant date;
- 25% - 24 months from the grant date.

Management used the Black-Scholes Model to value the stock options granted. The following assumptions were used to estimate the grant date fair value:

<table>
<thead>
<tr>
<th></th>
<th>March 13, 2020</th>
<th>February 18, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected dividend yield</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Expected stock price volatility</td>
<td>125%</td>
<td>125%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.45%</td>
<td>1.45%</td>
</tr>
<tr>
<td>Expected life of the options</td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Grant date fair value per option</td>
<td>$0.38</td>
<td>$0.25</td>
</tr>
<tr>
<td>Total fair value of options granted</td>
<td>$18,900</td>
<td>$801,488</td>
</tr>
</tbody>
</table>

The total share-based payment expense recognized by the Company (related to stock options) during the year ended October 31, 2020 was $515,697 (2019 - $nil).
A continuity schedule for stock options is as follows:

<table>
<thead>
<tr>
<th>Number Options</th>
<th>Weighted Average Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding as of May 3, 2019 and October 31, 2019</td>
<td>-</td>
</tr>
<tr>
<td>Granted</td>
<td>3,200,000</td>
</tr>
<tr>
<td>Exercised</td>
<td>(18,750)</td>
</tr>
<tr>
<td>Outstanding as of October 31, 2020</td>
<td>3,181,250</td>
</tr>
</tbody>
</table>

As at October 31, 2020, the Company had the following options outstanding:

<table>
<thead>
<tr>
<th>Number outstanding</th>
<th>Exercisable</th>
<th>Exercise per Share</th>
<th>Expiry Date</th>
<th>Life remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,181,250</td>
<td>768,750</td>
<td>$0.35</td>
<td>February 18, 2023</td>
<td>2.30 years</td>
</tr>
<tr>
<td>50,000</td>
<td>12,500</td>
<td>$0.52</td>
<td>March 13, 2023</td>
<td>2.37 years</td>
</tr>
</tbody>
</table>

(c) Restricted Share Units (“RSU”)

The Company has a RSU incentive plan whereby the Company may grant RSUs to eligible employees, officers, directors and consultants with an expiry date and vesting conditions to be determined by the board of directors. The maximum number of RSUs to be issued under the plan is 800,000. All RSUs are equity settled.

On February 3 and 18, 2020, the Company issued a total of 775,000 RSUs to officers and employees of the Company at a price equal to $0.35 a share. All RSUs issued vest as follows:

- 1/3 - February 18, 2021;
- 1/3 - February 18, 2022;
- 1/3 - February 18, 2023.

A continuity schedule for RSUs is as follows:

<table>
<thead>
<tr>
<th>Number of RSUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding as of May 3, 2019 and October 31, 2019</td>
</tr>
<tr>
<td>Granted</td>
</tr>
<tr>
<td>Outstanding as of October 31, 2020</td>
</tr>
</tbody>
</table>

The total share-based payment expense recognized by the Company (related to RSUs) during the year ended October 31, 2020 was $116,257 (2019 - $nil).

d) Underwriters warrants

Pursuant to the closing of the private placement on July 7, 2020, the Company issued the underwriters a total of 907,470 warrants for a period of 1 year (until July 7, 2021) at an exercise price of $0.75. All warrants are exercisable upon issuance as there are no vesting conditions attached. As at October 31, 2020, 907,470 warrants are outstanding and exercisable.
Management used the Black-Scholes Model to value the warrants granted. The following assumptions were used to estimate the grant date fair value:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>July 7, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected dividend yield</td>
<td>0.00%</td>
</tr>
<tr>
<td>Expected stock price volatility</td>
<td>125%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.22%</td>
</tr>
<tr>
<td>Expected life of the warrants</td>
<td>1 year</td>
</tr>
<tr>
<td>Grant date fair value per warrant</td>
<td>$0.75</td>
</tr>
<tr>
<td>Total fair value of warrants granted</td>
<td>$318,940</td>
</tr>
</tbody>
</table>

The total value of the warrants of $318,940 was recognized as a financing cost within reserves, net to share capital in the year ended October 31, 2020.

e) Loss per share

All stock options have been excluded from the computation of diluted earnings per share because their effect was anti-dilutive in the year ended October 31, 2020.

9. Income Taxes

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit for the year ended October 31, 2020 and for the period ended October 31, 2019. The Company had no assessable profit from incorporation on May 3, 2019 to October 31, 2019 or for the year ended October 31, 2020.

The tax expense at statutory rates for the Company can be reconciled to the reported loss for the period per the Statement of loss and comprehensive loss as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended October 31, 2020</th>
<th>For the period from May 3, 2019 to October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the period</td>
<td>(8,695,262)</td>
<td>(1,048,585)</td>
</tr>
<tr>
<td>Canadian Federal and Provincial income tax rates</td>
<td>27.00%</td>
<td>27.00%</td>
</tr>
<tr>
<td>Income tax recovery based on the above rate</td>
<td>(2,347,721)</td>
<td>(283,118)</td>
</tr>
<tr>
<td>Non-deductible expenses</td>
<td>170,264</td>
<td>365</td>
</tr>
<tr>
<td>Effect of differences in future and foreign tax rates</td>
<td>300,131</td>
<td>40,267</td>
</tr>
<tr>
<td>Foreign exchange and other</td>
<td>35,683</td>
<td>1,712</td>
</tr>
<tr>
<td>Effect of deferred tax assets for which no tax benefit is recorded</td>
<td>1,841,643</td>
<td>240,774</td>
</tr>
<tr>
<td>Total income taxes</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
The Company’s unrecognized deferred income tax assets are as follows:

<table>
<thead>
<tr>
<th>Deferred Tax Assets</th>
<th>October 31, 2020</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax losses</td>
<td>1,174,712</td>
<td>190,333</td>
</tr>
<tr>
<td>Share issue and financing costs</td>
<td>240,007</td>
<td>-</td>
</tr>
<tr>
<td>Exploration and evaluation asset</td>
<td>955,521</td>
<td>50,441</td>
</tr>
<tr>
<td>Other</td>
<td>507</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total unrecognized deferred income tax assets</strong></td>
<td><strong>2,370,747</strong></td>
<td><strong>240,774</strong></td>
</tr>
</tbody>
</table>

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As the Company currently does not have any revenues, enough evidence is not yet available to determine if the Company will be able to utilize its deferred tax assets. None of the deferred tax assets have therefore been recognized in the Company’s Statement of Financial Position.

As at October 31, 2020 and 2019, the Company’s deductible temporary differences were as follows:

<table>
<thead>
<tr>
<th>Temporary Differences</th>
<th>October 31, 2020</th>
<th>Expiry Date</th>
<th>October 31, 2019</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax losses</td>
<td>4,557,936</td>
<td>See below</td>
<td>798,897</td>
<td>See below</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2041-2044</td>
<td></td>
<td>Not</td>
</tr>
<tr>
<td>Share issuance and financing costs</td>
<td>888,916</td>
<td>Not applicable</td>
<td>-</td>
<td>applicable</td>
</tr>
<tr>
<td>Exploration and evaluation asset</td>
<td>4,550,101</td>
<td>Not applicable</td>
<td>240,195</td>
<td>applicable</td>
</tr>
<tr>
<td>Other</td>
<td>1,876</td>
<td>Not applicable</td>
<td>-</td>
<td>applicable</td>
</tr>
</tbody>
</table>

The Company’s non-capital loss carry-forwards in Canada ($3,625,755) may be used to offset future taxable income until 2040. The Company’s net operating losses in the United States ($932,182) carry forward indefinitely, and may be used to offset 80% of taxable income.
10. Segmented Information

The Company’s business consists of only one reportable segment being exploration and evaluation of mineral properties located in the United States.

11. Related Party Transactions

The Company’s related parties are considered to be the Directors and Officers of the Company (Michael G Allen, Darryl Cardey, Marcel de Groot, Jeff Sundar, Douglas J Hurst, Hayley DeWitt, Victoria McMillan and Shayla Forster) and their close family members and any companies controlled by these individuals.

During the year ended October 31, 2020, certain Directors and Officers took part in the financings described in note 8(a). During the year ended October 31, 2020, the Company did not enter into any further transactions with related parties, not disclosed elsewhere in these Financial Statements.

As at October 31, 2020, a balance of $2,138 (2019 - $nil) to related parties included in accounts payable, are non-interest bearing with no specific terms of repayment.

Compensation of key management personnel:

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Eclipse Gold considers its Board of Directors (Michael G Allen, Darryl Cardey, Marcel de Groot, Jeff Sundar, Douglas Hurst, Hayley DeWitt), as well as the CEO (Michael G Allen) and CFO (Victoria McMillan) to be key management personnel.

During the year ended October 31, 2020, the Company’s compensation cost for key management personnel was as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the period from May 3, 2019 to October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For the year ended October 31, 2020</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>627,188</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>249,192</td>
</tr>
<tr>
<td>Total</td>
<td>876,380</td>
</tr>
</tbody>
</table>
12. Financial Instruments

The Company’s financial instruments are categorized as follows:

<table>
<thead>
<tr>
<th>Categories of Financial Instruments</th>
<th>October 31, 2020</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>9,097,698</td>
<td>1,210,234</td>
</tr>
<tr>
<td>Receivables</td>
<td>64,921</td>
<td>5,419</td>
</tr>
<tr>
<td>Deposits</td>
<td>186,452</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>9,349,071</td>
<td>1,215,653</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>731,830</td>
<td>310,424</td>
</tr>
<tr>
<td></td>
<td>731,830</td>
<td>310,424</td>
</tr>
</tbody>
</table>

The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

Fair Value of Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial Risks

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

i. Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to those of the Company’s net assets denominated in US dollars.

As at October 31, 2020, with other variables unchanged, a +/- 10% change in US dollars exchange rate would decrease/increase the comprehensive loss by $297,105. The Company does not hedge its risk from changes in foreign currency exchange rates.
ii. **Credit Risk**

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Company’s cash balance is held with large, credit-worthy financial institutions and as such the risk of loss is considered to be low. Receivables consist of general sales tax due from the Federal Government of Canada and as a result, the risk of default is considered to be low.

iii. **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its budget, forecasts and expenditures accordingly. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at October 31, 2020, the Company had a cash balance of $9,097,698 to settle current liabilities of $731,830.

The only commitments and contractual obligations of the Company pertain to those in the Agreement, which are detailed in note 5. The impact of COVID-19 on the Company is as yet unknown but may negatively impact the Company’s future ability to raise financing and meet future commitments.

iv. **Market Price Risk**

The Company’s ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations, amongst other things, in the market price of commodities, global financial markets and investor sentiment. The Company closely monitors commodity prices and financial markets to determine the appropriate course of action to be taken by the Company.

13. **Capital Management**

In the management of capital, the Company includes the components of shareholders’ equity. The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

The Company’s investment practice is to invest its excess cash in highly liquid short-term interest-bearing investments selected with regards to expected timing of its expenditures. The Company is not subject to any externally imposed capital requirements.
14. Subsequent Events

(i) On November 24, 2020, the Company closed the acquisition of certain mining claims as well as other geological data from CP Holdings Corporation (the “CP Holdings”). The purchase price was US$100,000, 500,000 common shares of the Company (issued on November 24, 2020), and the granting of a NSR to CP Holdings that varies between 1.25% and 2.5% on the mineral claims. Eclipse Gold has the right to buy 50% of the net smelter royalty, and a right of first refusal on the remainder.

(ii) On December 4, 2020, Eclipse Gold and Northern Vertex Mining Corp (“Northern Vertex”) entered into an Arrangement Agreement to combine at an at-market merger pursuant to which shareholders of Eclipse Gold will receive 1.09 shares in Northern Vertex for each Eclipse Gold share by way of a plan of arrangement under the Business Corporations Act (British Columbia) (“the Transaction”). All outstanding stock options and warrants of Eclipse will be exchanged for stock options or warrants of Northern Vertex on the same basis as the share exchange ratio for the common shares.

The Transaction is subject to a number of conditions being satisfied or waived by one or both of Eclipse Gold and Northern Vertex at or prior to closing of the Transaction, including approval of Eclipse Gold’s shareholders and receipt of all necessary regulatory and court approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature, including completion of the Offering (as hereinafter defined).

A termination fee of $2,000,000 will be payable by either party in the case of certain terminating events. The termination fee payable by Northern Vertex will increase to $2,600,000 in the event that Northern Vertex terminates the Arrangement Agreement to accept a superior proposal at any time following the closing of the Offering.

Concurrent with signing the Arrangement Agreement, Eclipse Gold has entered into an agreement with a syndicate of agents in connection with a “best efforts” private placement financing (the "Offering") of subscription receipts (the "Subscription Receipts") to be sold at $0.50 per Subscription Receipt for minimum gross proceeds of $20,000,000. Each Subscription Receipt automatically converts into one divided by 1.09 of an Eclipse unit (the “Eclipse Units”) (for no further consideration and without any further action by the holders thereof) upon the satisfaction of certain escrow release conditions, all of which must occur before March 31, 2021.

The Eclipse Units acquired upon conversion of the Subscription Receipts will be exchanged for Northern Vertex units (the “Northern Vertex Units”) in accordance with the Plan of Arrangement resulting in purchasers of Subscription Receipts receiving one Northern Vertex Unit for each Subscription Receipt purchased in the Offering. Each Northern Vertex Unit will consist of one Northern Vertex common share (a “Northern Vertex Share”) and one half of a Northern Vertex common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will be exercisable, for a period of two years from the closing of the Offering, into one Northern Vertex Share at a price of $0.80 per Warrant.

Maverix Metals Inc. (“Maverix”) has agreed to exercise, on or before December 12, 2020, approximately 19,500,000 share purchase warrants exercisable into 19,500,000 million Northern Vertex common shares (the “Warrant Shares”) at $0.40 per Warrant Share for gross proceeds to Northern Vertex of approximately $7,800,000. As part of the Transaction, Maverix will sell the Warrant Shares to Eclipse Gold for $0.50 per Warrant Share for a total purchase price of $9,750,000; resulting in total net proceeds of $1,950,000 to Maverix. Immediately following the closing of the Transaction the Warrant Shares will be returned to Northern Vertex for cancellation.
ECLIPSE GOLD MINING CORPORATION

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended October 31, 2020
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1. Introduction

This Management’s Discussion and Analysis (“MD&A”) of Eclipse Gold Mining Corporation Ltd. (“Eclipse” or the “Company”) including its wholly-owned subsidiary, Aclmene Mining Inc. (“Aclmene”), and indirect wholly-owned subsidiary Hercules Gold USA, LLC (“Hercules”), is the responsibility of management and covers the year ended October 31, 2020. Eclipse was incorporated on May 3, 2019 and as such there is no data for the Company prior to that date. This MD&A is effective as of December 17, 2020 and should be read together with the financial statements for the year ended October 31, 2020 and the related notes thereon (collectively “the Financial Statements”). The Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The functional currency of the Company and both of its subsidiaries is the Canadian dollar. All dollar amounts expressed throughout this report are in Canadian dollars, unless otherwise indicated.

This MD&A contains forward-looking statements that are subject to risk factors as set out in the “Cautionary Note Regarding Forward Looking Information and Statements”.

2. Description of Business

The Company is a TSX-Venture Exchange (“TSXV”) listed Canadian mineral resource exploration-stage company principally engaged in acquiring and exploring mineral resource properties. Its objective is to locate and develop precious metals, focusing initially on the exploration and development of the Hercules Project, located in Nevada, U.S.A. The Hercules Project is located on an approximately 100 square kilometer land package. Portions of the property were acquired via staking and other claims are under option to be acquired subject to agreements described in “Exploration Project” below.

On December 4, 2020, Eclipse and Northern Vertex Mining Corp (“Northern Vertex”), who are arms length to each other, entered into an Arrangement Agreement to combine at an at-market merger pursuant to which shareholders of Eclipse will receive 1.09 shares in Northern Vertex for each Eclipse share by way of a plan of arrangement under the Business Corporations Act (British Columbia) (“the Transaction”). All outstanding stock options and warrants of Eclipse will be exchanged for stock options or warrants of Northern Vertex on the same basis as the share exchange ratio for the common shares.

Northern Vertex is listed on the TSXV and owns and operates the Moss Mine, currently the largest pure gold and silver mine in Arizona. Focused on low-cost gold and silver production, Northern Vertex has experience across all areas of operations, mine development, exploration, acquisitions, and financing of mining projects.

The Transaction will be carried out by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia) and is subject to a number of conditions being satisfied or waived by one or both of Eclipse and Northern Vertex at or prior to closing of the Transaction, including approval of Eclipse’s shareholders and receipt of all necessary regulatory and court approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature, including completion of the Offering (as hereinafter defined).

It is expected that the special meeting of Eclipse shareholders to approve the proposed Transaction will be held in February 2021 with closing shortly thereafter.

The Arrangement Agreement includes customary provisions, including mutual non-solicitation, right-to-match and fiduciary out provisions, as well as certain representations, covenants and conditions that are customary for a transaction of this nature. A termination fee of $2,000,000 will be payable by either party in the case of certain terminating events. The termination fee payable by Northern Vertex will increase to $2,600,000 in the event that Northern Vertex terminates the Arrangement Agreement to accept a superior proposal at any time following the closing of the Offering.

Concurrent with signing the Arrangement Agreement, Eclipse Gold has entered into an agreement with a syndicate of agents in connection with a “best efforts” private placement financing (the “Offering”) of subscription receipts
(the "Subscription Receipts") to be sold at $0.50 per Subscription Receipt for minimum gross proceeds of $20,000,000. Each Subscription Receipt automatically converts into one divided by 1.09 of an Eclipse unit (the "Eclipse Units") (for no further consideration and without any further action by the holders thereof) upon the satisfaction of certain escrow release conditions, all of which must occur before March 31, 2021.

The Eclipse Units acquired upon conversion of the Subscription Receipts will be exchanged for Northern Vertex units (the “Northern Vertex Units”) in accordance with the Plan of Arrangement resulting in purchasers of Subscription Receipts receiving one Northern Vertex Unit for each Subscription Receipt purchased in the Offering. Each Northern Vertex Unit will consist of one Northern Vertex common share (a “Northern Vertex Share”) and one half of a Northern Vertex common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will be exercisable, for a period of two years from the closing of the Offering, into one Northern Vertex Share at a price of $0.80 per Warrant.

Maverix Metals Inc. (“Maverix”) has agreed to exercise, on or before December 12, 2020, approximately 19,500,000 share purchase warrants exercisable into 19,500,000 Northern Vertex common shares (the “Warrant Shares”) at $0.40 per Warrant Share for gross proceeds to Northern Vertex of approximately $7,800,000. As part of the Transaction, Maverix will sell the Warrant Shares to Eclipse for $0.50 per Warrant Share for a total purchase price of $9,750,000; resulting in total net proceeds to Maverix of $1,950,000. Immediately following the closing of the Transaction the Warrant Shares will be returned to Northern Vertex for cancellation.

The proceeds of the Offering will partly be used to fund the purchase of the Warrant Shares from Maverix ($9,750,000) with the remaining funds ($10,250,000), prior to commission and expenses, to be used to fund ongoing exploration and development at Northern Vertex’s Moss Mine, the Hercules Gold project, and general corporate purposes.

On November 19, 2019, the Company completed a private placement of subscription receipts (the “Subscription Receipt Financing”) at a price of $0.35 per subscription receipt for aggregate gross proceeds of $5,425,081 (the “Escrowed Funds”) and issued 15,500,232 subscription receipts (the “Subscription Receipts”).

On February 6, 2020, the Company filed a final prospectus with the British Columbia Securities Commission (“BCSC”) qualifying the distribution of the common shares in the capital of the Company issuable for no additional consideration upon deemed exercise of the 15,500,232 Subscription Receipts of the Company issued on November 19, 2019, and received a receipt for the filing. The Company issued 372,343 common shares of the Company to finders relating to Subscription Receipt Financing and paid $708 in cash to finders. Total share issuance costs of $144,912 (of which $130,320 were non-cash share consideration) were incurred in relation to the Subscription Receipt Financing, which have been recorded in the Company’s financial statements as a reduction to share capital.

On February 7, 2020, the TSXV confirmed that Eclipse had met all TSXV requirements for listing on the TSXV, subject to the conversion of the Subscription Receipts. On February 10, 2020, the Subscription Receipts were converted into common shares of the Company and the funds held in escrow in connection with the issuance of the Subscription Receipts in the amount of $5,425,081 were released to the Company and then recorded within Share capital in the Company’s financial statements.

On February 18, 2020, the Company’s common shares commenced trading on the TSXV under the ticker symbol “EGLD”. On February 28, 2020, the Company issued 1,000,000 common shares valued at $720,000 to Iconic in accordance with the Agreement.

On July 7, 2020, the Company closed a bought deal prospectus offering of 15,985,000 common shares of the Company at a price of $0.75 per share for aggregate gross proceeds of $11,988,750. Total underwriters commission, legal and filing fees and other expenses associated with the prospectus offering were $940,455 for total net cash proceeds of $11,048,295. In addition, the Company issued to the underwriters an aggregate of 907,470 non-transferable compensation warrants. Each warrant is exercisable into one common share at $0.75, subject to adjustments in certain events, until July 7, 2021.
3. Q4 2020 Highlights

- The Company commenced a Phase II exploration reverse circulation (RC) drill campaign of 7,330m over 28 drill holes, completing 4,075 m in 13 holes by October 31;
- On October 16, 2020, the Company completed the acquisition of a 100% interest in 8 unpatented lode mining claims adjacent to the Hercules Project from Comstock Mining Inc. for consideration of 100,000 common shares of the Company;
- On October 21, 2020, the Company entered into an agreement with Nevada Select Royalty, Inc to purchase a single unpatented mining claim within the Hercules Project boundary for US$20,000;

4. Outlook and Future Exploration Plans

Up to the date of this MD&A, Eclipse has raised $19,879,083 through the issuance of common shares of the Company (see “7. Liquidity and capital resources” below). The funds raised by the Company have been used to complete a Phase I drill and exploration program and commence a Phase II drill and exploration program at the Hercules Project, make payments under the Agreement and for claim staking and claims fees, in addition, the Company incurred legal, filing and other fees in connection with the IPO and subsequent financing. Exploration activities to date of this MD&A include the commission and completion of a NI 43-101 technical report on the property (see “5. Exploration project” below) and completion of the recommended work plan on the Hercules Project (as recommended by the technical report, and further results of which are discussed directly below). A second phase of exploration commenced in August 2020 with a Phase II drill program of 28 holes on the Hercules and Cliffs targets, as well as a property-wide airborne electromagnetic, magnetic, and radiometric geophysical survey. In addition, detailed mapping and surface geochemical sampling of the project, as well as the collection of detailed hyperspectral satellite imagery and compilation of historic data has been carried out.

The Phase II drilling program was designed to further test the nature and scale of the epithermal gold system at Hercules and Cliffs, particularly the geometry of the mineralized zones (both feeder structures and permeable host lithologies). As of the date of this MD&A, a total of 28 holes have been completed under the Phase II drill program for a total of 7,330m. The Phase II drilling program was completed at the end of November. Planning for subsequent drilling programs (Phase III onwards) will incorporate results from the Phase II drill program, once in hand, in conjunction with all geological and geophysical data available to date.

On June 10, 2020, the Company released the results of the first phase of drilling at the Hercules Project. As part of the Company’s proposed initial drill program the Company completed a total of 3,271 meters in 12 exploration reverse circulation (RC) drill holes, spread over a wide area on the Hercules, Cliffs, Loaves, Northeast, and Rattlesnakes targets. Eleven of the twelve holes hit significant epithermal-style mineralization. Importantly, this drilling has highlighted that the Hercules mineralizing system appears to be strengthening to the south on the Company’s approximately 100 square kilometer land package.

The drilling intersected shallow oxide-gold in almost every drill hole, some at intervals greater than 50 meters, and broad zones of higher-grade mineralization were identified. These results indicate that mineralization at the Hercules Project is potentially similar to other large Walker Lane-hosted low sulphidation epithermal gold-silver systems.

Highlights of the drill results are presented in the table below and full results can be found in the news release issued by the Company on June 10, 2020, which can be found under the Company’s profile at www.sedar.com.
On July 21st, 2020, the Company announced that it had completed an induced polarization (IP) survey at the Hercules Project. A review of the data collected showed a good correlation between zones of silicification in outcrop and drilling and resistive features in the recently collected geophysical data. Gold mineralization at the Hercules Project is commonly associated with intensely silicified zones. As such, resistivity is considered a good proxy for delineating targets of potential gold mineralization associated with silicification.

Third party interpretation of the data has indicated the presence of two parallel and continuous NNE-trending, steeply west-dipping structures named the Hercules Structural Zone. This Zone passes through and to the west of the main Hercules Target, and may represent a feeder structure for mineralization, which has only sporadically been intersected by drilling conducted to date. In addition, a large resistive feature at the southern end of the survey suggests a connection at depth between the Cliffs and Hercules Targets. This feature appears to be both open to and increasing in thickness to the south.

During August 2020, the Company carried out a helicopter-supported electromagnetic (VTEM), magnetic, and radiometric airborne geophysical survey to explore the scale of the mineralizing system at its Hercules gold project in Nevada’s Walker Lane trend. Recently obtained results indicate the presence of complex structural, lithological, and alteration features associated with the development of a collapsed volcanic center; prospective features for the presence of one or more large-scale hydrothermal mineralization systems on the property. In particular, the survey indicated that epithermal mineralization in the northern parts of the Hercules property appears to be controlled by the intersection between northeast-trending curviplanar concentric structures and a deep-seated 10 km long by 3 km wide west-northwest trending radial structure that governed potassic, silica, and clay alteration in the caldera. At least 51 airborne geophysical survey targets have been identified for follow-up exploration. Additional interpretation and target generation based on the airborne geophysical data is ongoing as at the date of this MD&A.

As the Company has no source of revenue at this time, it will continue to require additional capital to fund future expenditures necessary to advance the Hercules Project towards development, as well as to fund head office expenses including the costs of management and administration of the Company (see “2. Description of Business”).

Qualified Person

Dr. Warwick Board, P.Geo., Vice President of Exploration for Eclipse Gold Mining Corporation, and a qualified person (“QP”) as defined by Canadian National Instrument 43-101, has reviewed and approved the technical information contained in this MD&A.
## Update Regarding Use of Proceeds from Previous Financings

The table below provides an update with respect to the use of proceeds from the February 2020 and July 2020 financings (see “2. Description of the Business”).

<table>
<thead>
<tr>
<th>Use of funds available after completion of distribution</th>
<th>Amount allocated as detailed in the Company’s Long Form Prospectus dated February 6, 2020 and as described in the Company’s January 31, 2020 MD&amp;A</th>
<th>Amount allocated as detailed in the Company’s Short Form Prospectus dated June 29, 2020 and as described in the Company’s July 31, 2020 MD&amp;A</th>
<th>Total amount allocated from both the February 6, 2020 and June 29, 2020 Prospectus’s</th>
<th>Actual expenditures incurred to October 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated cost for Exploration and Development of the Hercules Project under the work program recommended in the Company’s Technical Report</td>
<td>$986,842 (4)</td>
<td>-</td>
<td>$986,842</td>
<td>$1,934,219 (4)</td>
</tr>
<tr>
<td>Exploration and development of the Hercules Project (1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Drilling</td>
<td>-</td>
<td>$2,700,000</td>
<td>$2,700,000</td>
<td>$1,259,520</td>
</tr>
<tr>
<td>Geophysics</td>
<td>-</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$408,007</td>
</tr>
<tr>
<td>Road building</td>
<td>-</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$480,007 (4)</td>
</tr>
<tr>
<td>Exploration (surface mapping and sampling)</td>
<td>-</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$47,262</td>
</tr>
<tr>
<td>Environmental studies and reports</td>
<td>-</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$59,884</td>
</tr>
<tr>
<td>Year 1 Payments to the Optionor pursuant to the Option Agreement (3)</td>
<td>$65,790</td>
<td>-</td>
<td>$65,790</td>
<td>$nil</td>
</tr>
<tr>
<td>Investor Relations and marketing</td>
<td>$500,000</td>
<td>$200,000</td>
<td>$700,000</td>
<td>$1,131,007 (5)</td>
</tr>
<tr>
<td>Claims fees and other administrative fees of holding the Hercules Project and other staked land and land acquisition costs</td>
<td>$400,000</td>
<td>$200,000</td>
<td>$600,000</td>
<td>$276,224</td>
</tr>
<tr>
<td>Business Development opportunities</td>
<td>-</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$70,570</td>
</tr>
<tr>
<td></td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
<td>Year 4</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>$1,300,000</td>
<td>$905,000</td>
<td>$2,205,000</td>
<td>$1,697,854(5)</td>
</tr>
<tr>
<td>Unallocated General Working Capital(2)</td>
<td>$2,081,741</td>
<td>$3,944,500</td>
<td>$6,026,241</td>
<td>$7,519,318</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,334,373</td>
<td>$9,549,500</td>
<td>$14,883,873</td>
<td>$14,883,872</td>
</tr>
</tbody>
</table>

**Notes:**

(1) Dr. Warwick Board, P.Geo., who is a "qualified person" for the purposes of NI 43-101 is responsible for the exploration and development of the Hercules Project program and budget, which were prepared by or under his supervision.

(2) It is anticipated that the majority of these funds will be used for further exploration and development of the Hercules Project, but no program or budget has as yet been prepared as the work program will be determined by the results of the Phase II exploration program budgeted herein.

(3) Year 1 payment is not due until February 2021.

(4) The Phase I drill program on the Hercules Project exceeded the estimated cost of the program set out in the Hercules Project Technical Report. Of note, the cost of road building at the Hercules Project was higher than originally anticipated (which was again underestimated for the Phase II drill project). The additional cost of the Phase I program has been adequately covered by the Unallocated General Working Capital and will have no impact on the Company achieving its business objective and milestones.

(5) The expenditures for investor relations have been relatively higher than estimated due to: i) a change in approach to the investor relations program as a result of the COVID 19 pandemic. These additional costs have been adequately covered by the Unallocated General Working Capital and will have no impact on the Company achieving its business objective and milestones.

**Covid-19**

During the first calendar quarter 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization; this has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot yet be determined, but they could have a prospective material impact to the Company’s exploration activities and ability to raise financing in future and therefore the Company’s cash flows and liquidity. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and Eclipse are not known at this time.

**5. Exploration Project**

On August 9, 2019, the Company and the Company’s subsidiary, Hercules entered into an agreement with Great Basin Resources, Inc (“Great Basin”) and Iconic Minerals Ltd. (“Iconic”), for an option to obtain 100% interest in the Hercules Project, subject to a 3% NSR royalty, comprising certain mining claims located in Lyon County, Nevada (the “Agreement”). The Agreement has a maximum term of 12 years from the date the Company’s common shares become listed on a public stock exchange, being February 18, 2020 (the “Listing Date”).

In consideration for the option, Hercules and the Company together are required to:

- pay US$50,000 to Great Basin and $325,000 to Iconic upon inception of the Agreement (paid);
- pay US$50,000 to Great Basin on each anniversary of the Listing Date (a maximum of US$600,000);
- issue to Iconic an aggregate of 4,000,000 common shares of Eclipse Gold; 1,000,000 on the Listing Date (issued), and 1,000,000 on each of the first, second and third anniversaries of the Listing Date.

Hercules is also required to pay all mining claim maintenance fees with respect to the Hercules Project and incur exploration expenditures as follows:

- $100,000 for the preparation of an NI 43-101 report with respect to the Hercules Project;
- US$550,000 by the first anniversary of the Listing Date;
- An additional US$750,000 by the second anniversary of the Listing Date; and
• An additional US$1,000,000 by the third anniversary of the Listing Date.

The property is subject to a 3% net smelter royalty (“NSR”), payable to Great Basin. The Company may repurchase 50% of the NSR for US$2,000,000 at any point prior to 90 days post commercial production.

The Company commissioned Mine Development Associates to prepare an NI 43-101 technical report (“the “Technical Report”) on the Hercules Project. The Technical Report was prepared with an effective date of September 1, 2019 and was amended on January 20, 2020; the amended report was filed on February 6, 2020 and can be found under the Company’s profile at www.sedar.com.

The Technical Report was prepared under the supervision of Michael M. Gustin, C.P.G. and Michael S. Lindholm, C.P.G, both Senior Geologists with Mine Development Associates, in accordance with the disclosure and reporting requirements set forth in the NI 43-101, Companion Policy 43-101CP, and Form 43-101F1, as amended. Mr. Gustin and Mr. Lindholm are Qualified Persons under NI 43-101 and have no affiliation with Eclipse except that of independent consultant/client relationships. Mr. Gustin visited the project site on July 19, 2019, and Mr. Lindholm visited the project on September 9, 2019.

After the effective date of the Technical Report, the Company acquired 1,108 additional claims contiguous to the Hercules Project by staking. Such additional claims cover approximately 78 square kms in northwestern Nevada. The staking was done to cover off observed alteration and potentially mineralized structural trends extending off the original ground and to provide additional locations for potential infrastructure in a mining operation.

On January 6, 2020, the Company’s wholly-owned subsidiary, Hercules entered into an agreement with Joseph Sawyer, Sr. to acquire four additional claims that are contiguous to the Hercules Project in consideration for US$64,000, of which US$40,000 was paid on January 6, 2020 and US$24,000 is due within a year of entering into the agreement. In addition, the Company granted Joseph Sawyer, Sr a 2% NSR royalty with certain buy down rights.

On February 25, 2020, the Company’s wholly-owned subsidiary, Hercules entered into an agreement with Comstock Exploration and Development LLC, to acquire two patented claims and five unpatented claims for a sum of US$100,000 (paid) and subject to a 2% NSR royalty with certain buy down rights. These claims cover approximately 0.50 square kilometers.

On July 28, 2020, the Company’s wholly-owned subsidiary, Hercules entered into an agreement with Donna Santos, to acquire two patented mineral claims for a sum of US$23,750 (paid) and subject to a 2% NSR royalty with certain buy down rights.

On October 16, 2020, Hercules finalized the acquisition of a 100% interest in eight unpatented lode mining claims located adjacent to the Hercules Project. The claims were acquired from Comstock Mining Inc, for consideration of 100,000 shares of the Company and a 2% NSR royalty which is subject to certain buy-down rights.

On October 21, 2020, Hercules entered into an agreement with Nevada Select Royalty, Inc to purchase a single unpatented mining claim located within the Hercules Project boundary for US$20,000 and by granting the seller a 2% NSR which is subject to certain buy-down rights.

On November 24, 2020, the Company closed the acquisition of a 100% interest in 83 unpatented lode mining claims situated internal and adjacent to Eclipse’s Hercules Project as well as a historical dataset of 88 drillholes, 628 rock samples, 1578 soil samples and other geological data from CP Holdings Corporation (the “Sellers”). The purchase price was US$100,000, 500,000 common shares of the Company (issued on November 24, 2020), and the granting of a net smelter royalty to the Seller that varies between 1.25% and 2.5% on the Mining Claims. Eclipse has reserved the right to buy 50% of the net smelter royalty, and a right of first refusal on the remainder.

**Summary information about the Hercules Project**

The Hercules Project, part of the Como mining district, is located approximately 40 kilometers southeast of the city of Reno, in Lyon County, Western Nevada. A total of 1,323 unpatented and four patented lode mining claims
comprise the Hercules Project property. In total, the property covers approximately 10,000 hectares (24,710 acres), which are owned or controlled by Eclipse.

The Hercules Project is situated on the northern end of the Pine Nut Mountains, approximately 6.5 kilometers north-northeast of the central part of the Como mining district. The geology of the Hercules Project reflects the development of an andesite-dacite volcanic center and related structurally- and lithologically-controlled hydrothermal alteration and mineralization associated with the complex right-lateral stepover Carson Domain in the Walker Lane Belt. Mineralization at the Hercules Project displays the characteristics of a low sulphidation epithermal gold-silver system; these types of deposits are found throughout the Walker Lane Belt.

Early exploration on the property began in 1850s but was largely overshadowed by the discovery and mining activities at the more famous Comstock Lode at Virginia City, 16 kilometers to the northwest. Modern-era exploration was conducted by multiple mining companies between 1984 and 2012 and included mapping, sampling, geophysics, and almost 19.5 km of predominantly reverse circulation (RC drilling). Eclipse has conducted claim-staking, historic data compilation, mapping, sampling, remote sensing (hyperspectral data processing), a 17.2 line kilometer ground IP geophysical survey, a 2,260 line kilometer airborne electromagnetic, magnetic, and radiometric airborne geophysical survey, and approximately 11 km of RC drilling on the Hercules Project to date.

Eight mineralized target areas have been identified on the northern half of the Hercules property: the Hercules, Cliffs, Loaves, Lucky Rusty, Rattlesnakes, Northeast, Sprite, and Sirens targets. Multiple subparallel steeply- to moderately east-dipping and northeast-trending mineralized structures, including epithermal-style veins, vein breccia, and associated broad haloes of silicification crop out on surface in all target areas except the Sprite target, which consists entirely of subcrop. Gold and silver mineralization is hosted in the veins and surrounding silicified host rocks. Surface expressions for three of the target areas, namely Cliffs, Hercules, and Loaves, each extend for approximately one kilometer along a northeasterly strike and range between 250 to 350 meters in width. Mineralization extends at least to the depth of historic drilling (~264 meters below the surface). The exposed footprints of the Northeast, Lucky Rusty, Rattlesnakes, and Sprite targets are somewhat smaller than for Hercules, Cliffs, and Loaves. The overall footprint encompassing the northern seven target areas is about 3.8 kilometers in a north-south direction and up to 2.1 kilometers in an east-west direction. The Sirens target is located approximately 1.2 km to the south of the Hercules target and is just over 0.5 square kilometers in size. Limited historic drilling in 2008, coupled with recent surface sample results, indicates the presence of epithermal precious metal mineralization in this area. Drill testing of this area will be conducted once the appropriate permits, which are anticipated in the latter half of 2021, are in hand. Additional mineralized target areas may be added as follow-up exploration work progresses on the initial 51 airborne geophysical survey targets. Additional interpretation of the recently obtained airborne geophysical data may, too, result in further mineralized target area delineation on the Hercules property.

Recent geological mapping, airborne geophysical data, and visual inspection of RC chips from the Phase II drilling indicate that moderate- to steeply east-dipping listric fault caldera collapse structures appear be the most important for gold mineralization, especially where these structures cut the deep-seated 10 km long by 3 km wide west-northwest trending radial structure in the northern half of the Hercules property. Subordinate antithetic steeply west-dipping structures are, however, locally developed and their role in controlling mineralization will need to be taken into consideration as exploration progresses on the Hercules Project.

There are no current mineral resource estimates for the Hercules Project as at the date of this MD&A. Sufficient drill, rock-chip, channel-sample, and trench data are available to indicate the presence of sizeable areas of the Hercules property that could potentially be developed into mineral resource estimates with additional drilling.
6. Summary of Quarterly Results

<table>
<thead>
<tr>
<th></th>
<th>Three months ended October 31, 2020</th>
<th>Three months ended July 31, 2020</th>
<th>Three months ended April 30, 2020</th>
<th>Three months ended January 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net loss and comprehensive loss ($)</td>
<td>8,695,262</td>
<td>2,904,515</td>
<td>2,013,834</td>
<td>572,631</td>
</tr>
<tr>
<td>Basic loss per share ($)</td>
<td>0.21</td>
<td>0.05</td>
<td>0.05</td>
<td>0.02</td>
</tr>
<tr>
<td>Diluted loss per share ($)</td>
<td>0.21</td>
<td>0.05</td>
<td>0.05</td>
<td>0.02</td>
</tr>
<tr>
<td>Weighted average shares (number of shares - basic and diluted)</td>
<td>41,559,812</td>
<td>53,761,108</td>
<td>37,819,720</td>
<td>24,718,533</td>
</tr>
<tr>
<td>Total assets ($)</td>
<td>11,362,255</td>
<td>14,127,773</td>
<td>5,739,306</td>
<td>6,419,306</td>
</tr>
<tr>
<td>Long-term liabilities ($)</td>
<td>22,481</td>
<td>9,697</td>
<td>10,062</td>
<td>-</td>
</tr>
</tbody>
</table>

The Company is an exploration mining company with no revenues. The Company was incorporated during 2019 and commenced trading on the TSXV on February 18, 2020. During the quarter ended January 31, 2020, the Company commissioned and completed a technical report on the Hercules Project as well as detailed mapping and sampling of the project, resulting in a net loss due to the associated expenditures. During the three months ended April 30, 2020 and July 31, 2020, the Company commenced and completed a Phase I drill program which resulted in increased expenditures and a larger net loss and comprehensive loss than the prior period. During Q4 2020, the Company commenced its Phase II drill program which resulted in further operational expenditures leading to a net loss for the period.

The Company has undertaken a series of Private Placement financings since incorporation (see “2. Description of Business” above), which has resulted in an increase each quarter (to July 31, 2020) in the weighted average shares of the Company outstanding. During the quarter ended October 31, 2020, the Company issued 100,000 shares pursuant to the acquisition of 8 unpatented lode mining claims from Comstock Mining Inc (see “5. Exploration Project” above), and 18,750 shares pursuant to stock option exercises. Total assets decreased between January and April and between July and October 2020 as the Company’s cash balance decreased due to operating activities. The total assets increased between April and July due to the closing of a private placement on July 7, 2020 for total net proceeds of $11,048,295.

The Company started to record an asset retirement obligation in the quarter ended April 30, 2020, which is recorded as a long-term liability.

7. Results of Operations

Summary of results for the three months ending October 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Three months ended October 31, 2020</th>
<th>Three months ended October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss before tax ($)</td>
<td>3,204,281</td>
<td>948,539</td>
</tr>
<tr>
<td>Net loss after tax ($)</td>
<td>3,204,281</td>
<td>948,539</td>
</tr>
<tr>
<td>Basic and diluted loss per share ($)</td>
<td>0.06</td>
<td>0.05</td>
</tr>
<tr>
<td>Total Assets ($)</td>
<td>11,362,255</td>
<td>1,957,310</td>
</tr>
<tr>
<td>Long-term liabilities ($)</td>
<td>22,481</td>
<td>-</td>
</tr>
</tbody>
</table>
Eclipse is a junior exploration company and, as such, its net losses are largely driven by its exploration activities and there is no expectation of generating operating profits until it identifies and develops a commercially viable mineral deposit.

During the three months ended October 31, 2020, the Company incurred a net loss of $3,204,281 as a result of:

- Incurring exploration expenses of $1,992,135, consisting primarily of $276,224 on claim maintenance fees, $480,007 on drilling support and access, $329,796 on geological consulting fees, $439,815 on drilling, $220,021 on mapping and sample processing, $139,043 on surveys, and $105,488 on travel and other. The Company’s accounting policy is to expense exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs (including claim staking fees and related expenses), which are capitalized;
- Incurring $572,524 in investor relations and marketing fees;
- Incurring $110,592 in professional fees which relates primarily to audit fees, tax advisor fees and legal fees;
- Incurring $270,527 in salaries and wages;
- Incurring a non-cash share-based expense of $174,590 relating to the stock options and restricted share units issued by the Company in Q2 2020 (see “11. Outstanding share data” below);
- Incurring $26,143 in foreign exchange losses, of which $23,864 is unrealized;
- Incurring total other expenses of $67,653 including, but not limited to transfer agent and filing fees, travel, rent, insurance and office expenses.

These expenses were offset by $9,883 of interest income in the three months ended October 31, 2020.

Cash flows

Operating Activities: The Company does not generate cash from operating activities. Net cash used in the Company for operating activities after working capital changes, which includes exploration activities (as discussed above under “Results of Operations”), for the three months ended October 31, 2020 was ($2,544,477).

Investing Activities: During the three months ended October 31, 2020, the Company paid $26,244 (US$20,000) on the acquisition of mineral claims contiguous to the Hercules Project from Nevada Select Royalty (“5. Exploration Project.”) and paid $18,560 on staking which were capitalized in accordance with the Company’s accounting policy. In addition, the Company earned $2,350 in interest income.

Financing Activities: During the three months ended October 31, 2020, the Company incurred $31,562 in share issuance costs relating to the issuance of common shares of the Company pursuant to the private placement which closed on July 7, 2020, (see “7. Liquidity and capital resources” below). In addition, the Company received $6,593 from the exercise of stock options.

Summary of results for the year ending October 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Year ended October 31, 2020</th>
<th>Period from incorporation on May 3, 2019 to October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss before tax ($)</td>
<td>8,695,262</td>
<td>1,048,585</td>
</tr>
<tr>
<td>Net loss after tax ($)</td>
<td>8,695,262</td>
<td>1,048,585</td>
</tr>
<tr>
<td>Basic and diluted loss per share ($)</td>
<td>0.21</td>
<td>0.12</td>
</tr>
<tr>
<td>Total Assets ($)</td>
<td>11,362,255</td>
<td>1,957,310</td>
</tr>
<tr>
<td>Long-term liabilities ($)</td>
<td>22,481</td>
<td>-</td>
</tr>
</tbody>
</table>

Eclipse is a junior exploration company and, as such, its net losses are largely driven by its exploration activities and there is no expectation of generating operating profits until it identifies and develops a commercially viable mineral deposit.
The Company was incorporated on May 3, 2019 and so no comparative date for the year ending October 31, 2019 is available. Comparative data for the period from incorporation on May 3, 2019 to October 31, 2019 is presented above.

During the year ended October 31, 2020, the Company incurred a net loss of $8,695,262 as a result of:

- Incurring exploration expenses of $4,723,937, consisting primarily of $276,224 on claim maintenance fees, $965,532 on drilling support and access, $1,320,894 on geological consulting fees, $734,968 on drilling, $506,847 on sample processing, $640,429 on surveys, and $277,301 on travel and other. The Company’s accounting policy is to expense exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs (including claim staking fees and related expenses), which are capitalized;
- Incurring $1,365,816 in investor relations, marketing and consulting fees;
- Incurring $412,616 in professional fees which relates primarily to legal fees with respect to the Company’s filing of a Long Form prospectus and the Company’s IPO in February 2020 (see “2. Description of Business and Initial Public Offering”);
- Incurring $1,097,574 in salaries and wages;
- Incurring a non-cash share-based expense of $631,954 relating to the stock options and restricted share units issued by the Company in Q2 2020 (see “11. Outstanding share data” below);
- Incurring total other expenses of $499,646 including, but not limited to transfer agent and filing fees, travel, rent, insurance and office expenses.

These expenses were offset by $36,281 of interest income in the year ended October 31, 2020.

**Cash flows**

Operating Activities: The Company does not generate cash from operating activities. Net cash used in the Company for operating activities after working capital changes, which includes exploration activities (as discussed above under “Results of Operations”), for the year ended October 31, 2020 was $7,695,110.

Investing Activities: During the year ended October 31, 2020, the Company paid $396,954 on the acquisition of mineral claims contiguous to the Hercules Project, consisting of $242,999 on the acquisition of additional claims and $33,965 in claim staking and the remainder relating to previously capitalized balances recorded in accounts payable at October 31, 2019. During the year ended October 31, 2020, the Company paid a deposit in the form of a bond of $194,740 (US$140,000) (“the Bond”) to the Bureau of Land Management Nevada State Office (“NSO”) in order to provide state-wide coverage for operations conducted by Hercules on its mining claims which comprise the Hercules Project. The Bond is returnable to the Company only after the NSO is satisfied that there is no outstanding reclamation liability associated with the land or after the Bond is replaced by another bond. In addition, the Company paid $9,650 for IT equipment and earned $28,748 in interest income.

Financing Activities: During the year ended October 31, 2020, the Company received net proceeds of $16,217,020 from all financings of the Company during this time frame (see “7. Liquidity and capital resources” below). In addition, the Company received $6,593 from the exercise of stock options.

**8. Liquidity and Capital Resources**

As at October 31, 2020, the Company had cash of $9,097,698 and net working capital of $8,628,981.

Eclipse’s mineral exploration and development activities do not provide a source of income and as such, the Company has made a loss since incorporation. The Company has financed its operations to date solely through the issuance of common shares via four rounds of private placements since incorporation as follows:
On May 3, 2019, the Company issued 200 founders shares at an issue price of $0.01 for gross aggregate proceeds of $2;

On August 1, 2019, the Company completed a private placement issuing 4,500,000 common shares at $0.01 per share for gross proceeds of $45,000. The escrow conditions provide that 40% of the shares are released from escrow 12 months after the Listing Date, and then an additional 15% are released from escrow every 6 months thereafter until 36 months post the Listing Date;

On August 12, 2019, the Company completed a private placement issuing 8,625,000 common shares at $0.05 per share for gross proceeds of $431,250. The escrow conditions provide that 40% of the shares are released from escrow 12 months after the Listing Date, and then an additional 15% are released from escrow every 6 months thereafter until 36 months post the Listing Date;

On September 19, 2019, the Company completed a private placement issuing 9,093,333 common shares at $0.15 per share for gross proceeds of $1,364,000. The escrow conditions provide that 15% of the shares are released from escrow upon the Listing Date, 20% 90 days after the Listing Date, 20% 180 days after the Listing Date, 20% 270 days after the Listing Date and 25% 12 months after the Listing Date;

On October 11, 2019, the Company completed a private placement issuing 2,500,000 common shares at $0.25 per share for gross proceeds of $625,000. The escrow conditions provide that 10% of the shares are released from escrow on the Listing Date and then 15% are released every 6 months from the Listing Date for a period of 36 months;

On November 19, 2019, the Company completed a subscription receipt financing, placement issuing 15,500,232 Subscription Receipts at $0.35 per share for gross proceeds of $5,425,081. The funds from the Subscription Receipt Financing were released to the Company on February 10, 2020 once the escrow release conditions associated with the Subscription Receipts had been met. There are no escrow conditions attached to the 15,500,232 common shares issued on February 10, 2020 upon conversion of the Subscription Receipts.

On July 7, 2020, the Company closed a bought deal prospectus offering of 15,985,000 common shares of the Company at a price of $0.75 per Share for aggregate gross proceeds of $11,988,750. Total underwriters commission, legal fees and other expenses associated with the prospectus offering were $940,455 for total net cash proceeds of $11,048,295. In addition, the Company issued to the underwriters an aggregate of 907,470 non-transferable compensation warrants. Each warrant is exercisable into one common share at $0.75, subject to adjustments in certain events, until July 7, 2021.

Where the mandatory escrow conditions pursuant to National Policy 46-201 (“NP 46-201”) are more restrictive than those described above, Principals of the Company (as defined by NP 46-201) will be bound by the more restrictive terms.

As described under “2. Description of Business”, concurrent with signing the Arrangement Agreement, Eclipse has entered into an agreement with a syndicate of agents led by Stifel GMP and including Canaccord Genuity Corp., Raymond James Ltd., Beacon Securities Limited, and PI Financial Corp. in connection with a “best efforts” private placement financing of subscription receipts to be sold at $0.50 per Subscription Receipt for minimum gross proceeds of $20,000,000.

The Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future and believes it has enough cash to do so.

9. Commitments and Contractual Obligations

As at October 31, 2020, the Company recorded a reclamation provision of $22,481 which consists of the estimated reclamation costs associated with the Company’s drilling activity to the Statement of Financial Position date and primarily includes costs for: earthworks, recontouring, revegetation and stabilization. The provision was determined based on an estimate by a specialist third-party consultant and is recorded at the current dollar equivalent.

With the exception of the reclamation provision and as otherwise described elsewhere in this MD&A, the Company had no material contractual obligations as at October 31, 2020 or the date of this MD&A.
10. Off-Balance Sheet Arrangements

As at October 31, 2020 and the date of this MD&A, the Company had no material off-balance sheet arrangements.

11. Related Party Transactions

The Company’s related parties are considered to be the Directors and Officers of the Company (Michael G Allen, Darryl Cardey, Marcel de Groot, Jeff Sundar, Douglas J Hurst, Hayley DeWitt, Victoria McMillan and Shayla Forster) and their close family members and any companies controlled by these individuals.

During the year ended October 31, 2020, certain Directors and Officers took part in the financings described in note 8(a). During the year ended October 31, 2020, the Company did not enter into any further transactions with related parties, not disclosed elsewhere in these Financial Statements.

As at October 31, 2020, a balance of $2,138 (2019 - $nil) to related parties included in accounts payable.

Compensation of key management personnel:

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Eclipse Gold considers its Board of Directors (Michael G Allen, Darryl Cardey, Marcel de Groot, Jeff Sundar, Douglas Hurst, Hayley DeWitt), as well as the CEO (Michael G Allen) and CFO (Victoria McMillan) to be key management personnel.

During the year ended October 31, 2020, the Company’s compensation cost for key management personnel was as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended October 31, 2020 $</th>
<th>For the period from May 3, 2019 to October 31, 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>627,188</td>
<td>153,525</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>249,192</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>876,380</td>
<td>153,525</td>
</tr>
</tbody>
</table>

This consists of the following payments:

Year ended October 31, 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary payments ($)</th>
<th>Share-based payments ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael G Allen (CEO)</td>
<td>354,236</td>
<td>70,548</td>
</tr>
<tr>
<td>Victoria McMillan (CFO)</td>
<td>224,592</td>
<td>66,541</td>
</tr>
<tr>
<td>Darryl Cardey</td>
<td>5,750</td>
<td>20,819</td>
</tr>
<tr>
<td>Marcel de Groot</td>
<td>28,860</td>
<td>28,827</td>
</tr>
<tr>
<td>Jeff Sundar</td>
<td>5,250</td>
<td>20,819</td>
</tr>
<tr>
<td>Douglas Hurst</td>
<td>4,250</td>
<td>20,819</td>
</tr>
<tr>
<td>Hayley DeWitt</td>
<td>4,250</td>
<td>20,819</td>
</tr>
<tr>
<td>Total</td>
<td>627,188</td>
<td>249,192</td>
</tr>
</tbody>
</table>

During the period from incorporation on May 3, 2019 to October 31, 2019, the Company’s compensation cost for key management personnel amounted to $153,525. This consisted of the following payments:
16

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary payments ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael G Allen (CEO)</td>
<td>125,000</td>
</tr>
<tr>
<td>Victoria McMillan (CFO)</td>
<td>28,525</td>
</tr>
<tr>
<td>Total</td>
<td>153,525</td>
</tr>
</tbody>
</table>

12. Outstanding Share Data

Common shares

As at the date of this report the Company had 58,194,858 common shares issued and outstanding. Of these common shares, 18,417,200 are held in escrow pursuant to an escrow agreement. The terms of the escrow agreement are different depending on which round of financing the common shares were purchased in, however all escrow terms require the shares to be released from escrow over a period of 36 months.

Stock options

The Company’s stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

On February 18, 2020, the Company issued 3,150,000 stock options to officers, directors, employees and consultants of the Company with an exercise price of $0.35, vesting over two years, exercisable until February 18, 2023.

On March 13, 2020, the Company granted 50,000 stock options to a consultant of the Company with an exercise price of $0.52 exercisable until March 13, 2023.

All stock options issued vest as follows:

- 25% - 6 months from the grant date;
- 25% - 12 months from the grant date;
- 25% - 18 months from the grant date;
- 25% - 24 months from the grant date.

During the year ended October 31, 2020, a total of 18,750 options have been exercised for total proceeds to the Company of $6,563. As at the date of this report, 3,181,250 options remain outstanding and 781,250 are exercisable.

Restricted Share Units

The Company’s Restricted Share Plan (“RSU Plan”) provides for the issuance of common shares of the Company to participants of the plan for no additional consideration. The Company may grant RSUs to eligible employees, officers, directors and consultants, and the terms of the vesting of the restricted share units (“RSUs”) are determined by the Board of Directors of the Company at the time of grant. The maximum number of RSUs to be issued under the plan is 800,000. All RSUs are equity settled.

On February 3 and 18, 2020, the Company issued a total of 775,000 RSUs to officers and employees of the Company. All RSUs issued vest as follows:

- 1/3 - February 18, 2021;
- 1/3 - February 18, 2022;
- 1/3 - February 18, 2023.
As at the date of this report, all 775,000 RSUs remain outstanding.

**Underwriters warrants**

Pursuant to the closing of the private placement on July 7, 2020, the Company issued the underwriters a total of 907,470 warrants for a period of 1 year (until July 7, 2021) at an exercise price of $0.75. All warrants are exercisable upon issuance as there are no vesting conditions attached. As at October 31, 2020 and the date of this report, 907,470 warrants are outstanding and exercisable.

As at the date of this MD&A the fully diluted share count is 63,058,578.

**13. Financial Instruments**

The Company’s financial instruments are categorized as follows:

<table>
<thead>
<tr>
<th>Categories of Financial Instruments</th>
<th>October 31</th>
<th>October 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>9,097,698</td>
<td>1,210,234</td>
</tr>
<tr>
<td>Receivables</td>
<td>64,921</td>
<td>5,419</td>
</tr>
<tr>
<td>Deposits</td>
<td>186,452</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>9,349,071</td>
<td>1,215,653</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>731,830</td>
<td>310,424</td>
</tr>
<tr>
<td></td>
<td>731,830</td>
<td>310,424</td>
</tr>
</tbody>
</table>

The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- **Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities;
- **Level 2** – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- **Level 3** – Inputs that are not based on observable market data.

**Capital management**

In the management of capital, the Company includes the components of shareholders’ equity. The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no form of income from operations, and its principal source of funds is from the issuance of its common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

The Company’s investment practice is to invest its excess cash in highly liquid short-term interest-bearing investments selected with regards to expected timing of its expenditures. The Company is not subject to any externally imposed capital requirements.

**14. Changes in Accounting Policies**

There are no upcoming changes in accounting standards which impact the Company.

**15. Critical Accounting Judgements and Estimates**

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

*Judgments*

Judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements of the Company for the year ended October 31, 2020 are as follows:

*Economic recoverability and probability of future economic benefits of exploration and evaluation assets*

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, evaluation of permitting and environmental issues and local support for the project.
**Determination of functional currency**

The Company determines the functional currency through an analysis of several indicators such as financing activities, expenses and cash flow, retention of operating cash flows, and frequency of transactions within the reporting entity.

**Estimates**

Estimates made in applying accounting policies that have the most significant effect on the amounts recognized is the financial statements for the year ended October 31, 2020 are as follows:

**Income taxes**

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

**Share-based compensation**

In calculating the fair value of share-based compensation, management makes estimates related to the Company’s share price volatility, the expected life of the option and the probability of forfeiture. To the extent that these estimates are not correct, the actual future value of the share-based compensation may differ.

**Valuation of warrants**

In calculating the fair value of warrants issued, management makes estimates related to the Company’s share price volatility and the expected life of the warrants. To the extent that these estimates are not correct, the value of warrants within equity may differ.

**Reclamation provisions**

The Company’s reclamation provision represents management’s best estimate of the present value of the future cash outflows required to settle the obligation. Management assesses these provisions on an annual basis or when new information becomes available. This assessment includes the estimation of the future reclamation costs, the timing of these expenditures, inflation, and the impact of changes in discount rates, interest rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

**16. Risks and Uncertainties**

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:
i. **Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to those of the Company’s net assets denominated in US dollars.

As at October 31, 2020, with other variables unchanged, a +/- 10% change in US dollars exchange rate would decrease/increase the comprehensive loss by $297,105. The Company does not hedge its risk from changes in foreign currency exchange rates.

ii. **Credit Risk**

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Company’s cash balance is held with large, credit-worthy financial institutions and as such the risk of loss is considered to be low. Receivables consist of general sales tax due from the Federal Government of Canada and as a result, the risk of default is considered to be low.

iii. **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its budget, forecasts and expenditures accordingly. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at October 31, 2020, the Company had a cash balance of $9,097,698 to settle current liabilities of $731,830.

The only commitments and contractual obligations of the Company pertain to those in the Agreement (see “5. Exploration Project”). The impact of COVID-19 on the Company is as yet unknown but may negatively impact the Company’s future ability to raise financing and meet future commitments.

iv. **Market Price Risk**

The Company’s ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations, amongst other things, in the market price of commodities, global financial markets and investor sentiment. The Company closely monitors commodity prices and financial markets to determine the appropriate course of action to be taken by the Company.

**Other risks and uncertainties**

Mining companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims to manage and reduce such risks to the greatest extent possible. The Company faces a variety of risks such as project feasibility, risks related to determining the validity of mineral property title claims, commodity prices, and changes in laws and regulations. Management monitors its activities and those risk factors that could impact them in order to manage risk. The risks and uncertainties the Company considers material in assessing its financial statements have been described in detail in the Company’s final prospectus dated February 6, 2020 which can be found under the Company’s profile on [www.sedar.com](http://www.sedar.com). These risk factors facing the Company have not changed since the date of this final prospectus with the exception of the additional risks posed as a result of the impact of COVID-19. The Company cannot accurately predict the impact COVID-19 will have on the Company’s business, including its ability to meet its obligations and raise additional financing as required to further its exploration program or business development needs, as a result of the uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In the event that the prevalence of COVID-19
continues to increase (or fears in respect of COVID-19 continue to increase), governments may increase regulations and restrictions regarding the flow of labour or products, and travel bans, and the business of Eclipse may be affected. In addition, to the extent that any employees or consultants of the Eclipse become infected with COVID-19 or similar pathogens, it could have a material negative impact on the Company.

The risks listed in the Company’s prospectus as well as the risks posed to the Company as a result of the COVID-19 pandemic could materially affect the Company’s business, prospects and share price and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, prospects and share price of the Company. If any of the risks actually occur, the business of the Company may be harmed, and its financial condition and results of operations may suffer significantly.

17. Disclosure controls and procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended October 31, 2020 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

18. Cautionary Note Regarding Forward Looking Information and Statements

This MD&A contains forward-looking statements that relate to the Company’s current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “Description of the Business”, “Outlook and Future Exploration Plans”, “Liquidity and Capital Resources”, and “Outstanding Share Data”.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict” or “likely”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Transaction between Eclipse and Northern Vertex; specifically, statements regarding anticipated benefits of the Transaction; the closing of the Transaction and the Offering; the Companies' ability to complete the proposed Transaction; the Companies' ability to secure the necessary shareholder, securityholder, legal and regulatory approvals required to complete the Transaction; the ability to complete the Offering; the estimated costs associated with the advancement of the Companies' projects; and the Companies' ability to achieve the synergies expected as a result of the Transaction;
- the potential impact of COVID-19 on the Company’s exploration activities and future financings;
- the Company’s business plans focussed on the exploration and development of the Hercules Project;
- compliance with the Agreement;
- the proposed work program on the Hercules Project;
- costs and timing of future exploration and development activities;
- timing and receipt of approvals, consents and permits under applicable legislation;
- use of available funds;
- business objectives and milestones;
- the Company’s executive compensation; and
- adequacy of financial resources and the ability to be able to raise financing in future.

These factors are not, and should not be construed as being, exhaustive.

Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Important factors that could cause actual results to differ materially from the Companies’ expectations include risks associated with the Transaction, specifically the businesses of Eclipse and Northern Vertex; risks related to the satisfaction or waiver of certain conditions to the closing of the Transaction; non-completion of the Transaction; risks related to reliance on technical information provided by Eclipse and Northern Vertex; risks related to exploration and potential development of the mining projects of Eclipse and Northern Vertex; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; the need for cooperation of government agencies in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; and other risk factors as detailed from time to time and additional risks identified in Eclipse and Northern Vertex’s filings with Canadian securities regulators on SEDAR in Canada (available at www.sedar.com). Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Neither Eclipse nor Northern Vertex undertakes any obligation to update forward looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.

In addition, forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed elsewhere herein and any other of the Company’s concurrent public filings, and include the availability and final receipt of required approvals, licenses and permits, the current understanding of the potential impact of COVID-19 on the mining industry and regions in which Eclipse operates, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to equity and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favourable terms, that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis, that engineering and exploration timetables and capital costs for the Company’s exploration plans are not incorrectly estimated or affected by unforeseen circumstances or adverse weather conditions, that any environmental and other proceedings or disputes are satisfactorily resolved, and that the Company maintains its ongoing relations with its business partners and governmental authorities. While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed under “Risks and Uncertainties” in this MD&A, and "Risks Factors" in the Company's most recent prospectus available under the Company’s profile at www.sedar.com.

For the reasons set forth above, investors should not place undue reliance on forward looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.