



# VELOCITY

## MINERALS LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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REPORT DATE:  
**November 18, 2022**

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Velocity Minerals Ltd. (the "Company") as at and for the nine months ended September 30, 2022, and up to November 18, 2022.

The Company is in the business of mineral exploration, currently focused in Bulgaria, Eastern Europe. Activities include the evaluation, acquisition and exploration of mineral exploration properties in search of economic mineral deposits. The realization of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition of these assets. The carrying values of exploration and evaluation assets do not necessarily reflect their present or future values.

All monetary amounts in this MDA and in the consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards ("IFRS").

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that these filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and their associated consolidated financial statements together with other financial information included therein. The Board of Directors' approves the consolidated financial statements and MDA and ensures that management has discharged its financial responsibilities.

The MDA should be read in conjunction with the Company's condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2022, as well as the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2021 and 2020.

The Company is registered in the province of British Columbia. Its principal office is located at Suite 890 – 999 West Hastings Street Vancouver, BC, V6C 2W2. Its registered and records office is located at Suite 1170 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

#### **FORWARD LOOKING AND CAUTIONARY STATEMENTS**

This MDA contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and U.S. securities legislation, including the United States Private Securities Litigation Reform Act of 1995 concerning the business, operations and financial performance and condition of the Company. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding future capital expenditures and financings (including the amount and nature thereof), anticipated content, commencement, and cost of exploration programs in respect of the Company's projects and mineral properties, anticipated exploration program results from exploration activities, the discovery and delineation of mineral deposits, resources and/or reserves on the Company's projects and mineral properties, the outcome of legal proceedings and the anticipated business plans and timing of future activities of the Company, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Often, but not always, forward looking information can be identified by words such as “pro forma”, “plans”, “expects”, “may”, “should”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “potential” or variations of such words including negative variations thereof, and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved.

Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks and other factors include, among others:

- the Company’s strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets
- the ability of the Company to obtain sufficient financing to fund its business activities and plans on an ongoing basis
- operating and technical difficulties in connection with mineral exploration or development or mine development activities for the Company's projects generally, including the geological mapping, prospecting, drilling and sampling programs for the Company's projects
- actual results of exploration activities, including exploration results, the estimation or realization of mineral resources and mineral reserves, the timing and amount of estimated future production, costs of production, capital expenditures, and the costs and timing of the development of new deposits,
- possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry
- delays in obtaining governmental and regulatory approvals (including of the TSX Venture Exchange), permits or financing or in the completion of development or construction activities
- changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of pending litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions
- requirements for additional capital, future prices of precious metals, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities
- the ability of the Company to successfully respond to any legal challenges to permits or licenses necessary for its mineral exploration or development activities, and the results and impact of any such legal challenges on the Company’s exploration timeline and business activities
- the ability of the Company to continue to operate during the COVID-19 pandemic and that the Company’s responses to the COVID-19 pandemic will be effective in continuing operations in the ordinary course
- those factors discussed under the headings “Risk and Uncertainties” and “Financial Instruments and Risk Management” in this MDA and other filings of the Company with the Canadian Securities Authorities, copies of which can be found under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update any of the forward-looking information in this presentation or incorporated by reference herein, except as otherwise required by law.

## **DESCRIPTION OF BUSINESS**

Velocity Minerals Ltd. is a gold exploration and development company focused on Eastern Europe. The Company’s management and board include mining industry professionals with experience spanning Europe, Africa, Australasia, and the Americas as employees of major mining companies as well as founders and senior executives of junior to mid-tier public companies. The teams’ experience includes all aspects of mineral exploration, resource definition, feasibility, finance, mine construction and mine operation as well as a track record in managing publicly listed companies.

The Company is currently focused on exploration assets in Bulgaria, which is a member of the European Union (2007) with a mining law that was established in 1999 and updated in 2011 and 2020. The local currency (BGN) has been tied to the Euro since 1999 (1.956 BGN/EUR). In July 2021, Bulgaria was admitted to the ERM-2 mechanism, in which it must participate for at least 2 years before it can qualify to adopt the Euro. Bulgaria plans to adopt the Euro from January 1, 2024. The country is served by modern European infrastructure including an extensive network of paved roads. Mining royalties compare favourably with more established mining countries like Canada, Peru, and Chile. Bulgaria also boasts an exceptionally low corporate tax rate of only 10% and the country’s education system is excellent with good availability of experienced mining professionals in a favourable cost environment. Foreign mining companies are successfully operating in Bulgaria. Despite the positive operating

environment, the number of established mining companies is low and Velocity is among the first movers in a new influx of foreign mining investment.

The Company's management and board believe that local knowledge and experience are essential components of successful mining investment in a foreign jurisdiction. Velocity Minerals has entered into one joint venture and is in the process of entering two others with Gorubso Kardzhali A.D. ("Gorubso"), an established and respected mining company in Bulgaria. In addition, the Company and Gorubso have entered into an Exploration and Mining Alliance as outlined in more detail below. Gorubso operates the underground Chala Gold Mine (since 2006), the Sedefche Open Pit Gold Mine (since 2021) and the Kardzhali Carbon In Leach plant ("Processing Plant") (since 2011), which produces gold doré. Gorubso is the first and only company in Bulgaria to have secured a permit for this type of processing of gold ores. Velocity's management has a long-standing relationship with Gorubso as well as abundant previous experience in Bulgaria and elsewhere in the region.

## **EXPLORATION PROJECTS**

The Company is focused on gold exploration and development. All of the Company's material projects are located in southeastern Bulgaria.

### *Tintyava Property*

In July 2017, the Company's wholly-owned Bulgarian subsidiary, Kibela Minerals AD ("Kibela") entered into an option agreement, under the terms of which Kibela had the right to acquire an undivided 70% legal and beneficial interest in the Tintyava prospecting and exploration license (the "Tintyava License") for the Tintyava License area (the "Tintyava Property") through delivery to Gorubso of a preliminary economic assessment on the Tintyava Property (the "PEA") prepared under National Instrument 43-101.

Following delivery of the PEA on October 31, 2018, Velocity earned an undivided 70% interest in the Tintyava Property. The Tintyava License is held by a Bulgarian corporation, Tintyava Exploration AD ("Tintyava Exploration"), which during the option period was owned 100% by Gorubso. On March 1, 2019, the Company (through its subsidiary Kibela) entered into a shareholder's agreement with Gorubso regarding Tintyava Exploration and 70% of the shares of Tintyava Exploration were transferred to Kibela.

On February 1, 2018 the Bulgarian Minister of Energy approved the transfer of the Tintyava License to Tintyava Exploration.

On August 31, 2020, the Company disclosed results of a Prefeasibility Study ("PFS") on the Rozino Project, located within the Tintyava Property. On October 15, 2020, the Company filed the NI 43-101 Technical Report entitled Rozino Gold Project, Pre-feasibility Technical Report, dated October 14, 2020.

### *Exploration Alliance and other Exploration Projects*

In January 2018, Velocity entered into a binding letter agreement with its Bulgarian partner Gorubso, which sets out the terms by which Velocity and Gorubso will form an exploration and mining alliance (the "Alliance") covering all existing and future Gorubso and Velocity projects (the "Projects") within an area of 10,400km<sup>2</sup> (the "Alliance Area").

In September 2018, the Company and Gorubso entered into a definitive "Exploration and Mining Alliance Agreement" (the Alliance Agreement").

Gorubso owns and operates a modern gold Processing Plant, which provides crushing, grinding, gravity, carbon-in-leach, elution, electro-winning, gold doré production and tailings management facilities. The Processing Plant is centrally located within the Alliance Area. Under the terms of the Alliance Agreement, Gorubso will make the Plant available for the processing of mineralized material from current and future properties located within the Alliance. Material processed at the Processing Plant will be charged to any joint venture entities on a cost-plus basis. Securing the use of the Processing Plant provides significant technical and financial risk reduction, as well as potential capital and time savings. Most importantly, securing the use of the processing facility significantly reduces permitting risk and delays that might otherwise arise if a processing plant had to be permitted and built prior to development of any Projects.

On March 5, 2019 the Company signed option agreements for two additional Projects, Nadezhda and Momchil, under the terms of which option agreements the Company has the right to earn an undivided 70% legal and beneficial interest in the Nadezhda and Momchil properties.

On June 16, 2021, the Company entered into an amended option agreement for the Nadezhda property allowing the option exercise to proceed following delivery of the EIA report, provided that following the formation of the joint venture, Velocity shall fund 100% of the costs of 2,000m of drilling and an initial Mineral Resource estimate.

On June 23, 2021, the Company announced that it had delivered an option exercise notice to Gorubso for the Momchil property, which includes the Obichnik gold project. Following delivery of the exercise notice, Velocity is deemed to have earned a 70% interest in the property and to be in joint venture with Gorubso for the further development of the property.

On November 16, 2021, the Company announced that it had delivered an option exercise notice for the Nadezhda property, which includes the Makedontsi gold project. Following delivery of the exercise notice, Velocity is deemed to have earned a 70% interest in the property and to be in joint venture with Gorubso for the further development of the property.

On September 25, 2019, the Company signed an option agreement for the Sedefche Project under the terms of which option agreement the Company has the right to earn an undivided 70% legal and beneficial interest in the Sedefche property. On November 3, 2020, the Company disclosed that it had elected not to exercise its option to acquire a 70% interest in the Sedefche property. As consideration for executing a relinquishment agreement, the Company received a cash payment of \$1.5 million.

On June 27, 2020, the Company signed an option for the Igljka Project under the terms of which option agreement, the Company has the right to earn an undivided 100% legal and beneficial interest in the Igljka property. The Igljka property is not located within the Alliance. In February 2021, Velocity announced that it had entered into a definitive option agreement with the Property vendors amending the previously announced option exercise terms. Under the amended terms, Velocity exercised the right to acquire 100% of the shares of Balkan Minerals Development EOOD, the Bulgarian company that holds the exploration license for the Project area. The vendors of the Project have retained a 2% net smelter returns royalty for which terms remain unchanged.

## **Rozino Gold Project, Tintyava Property**

### ***Property Description***

The Rozino gold deposit is located within the Tintyava Property, which lies within the municipalities of Ivaylovgrad and Krumovgrad in southeast Bulgaria approximately.

On August 31, 2020, the Company disclosed financial results from a Prefeasibility Study (“PFS”) completed on the Rozino Project. The technical information included below is sourced from the disclosure. As the information is necessarily summarized, readers are encouraged to review the Company’s disclosure in its entirety, including all qualifications and assumptions. The disclosure is intended to be read as a whole, and sections should not be read or relied upon out of context.

An independent PFS Technical Report (the “Report”) was prepared by CSA Global and filed on SEDAR on October 15, 2020. CSA Global is an international mining consultancy with experience in Bulgaria, in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. A Revised Technical Report was filed on SEDAR dated December 15, 2021 (effective date September 28, 2020).

The PFS establishes the Rozino deposit as supporting an economic open pit mine operation with gold recovery by a combination of on-site concentration in a flotation plant (“Flotation Plant”) and further processing to produce a gold-silver doré in the existing and operating processing plant (“Processing Plant”) located in Kardzhali, 85 km by road from Rozino, where doré would be produced. The PFS financial model base case returns an after-tax Net Present Value at a 5% discount rate (“NPV5%”) of CAD \$163 million and an after-tax internal rate of return (“IRR”) of 27.4%.

### ***Prefeasibility Study<sup>(1)</sup> Highlights***

All amounts under these highlights are reported in United States dollars (US\$) unless otherwise specified.

- **After-Tax Financials:** After-tax NPV<sub>5%</sub> of \$123 million and after-tax IRR of 27.4% using a base case gold price of \$1,500 per ounce
- **Life of Mine Earnings:** \$293 million before interest, taxes, and depreciation
- **Cash Cost:** All-in sustaining cost<sup>(2)</sup> of \$755 per ounce of gold and cash cost<sup>(3)</sup> of \$699 per ounce of gold
- **Capital Costs:** Total estimated capital costs of \$94.8 million and pre-production capital costs of \$87.1 million (including an 11% contingency)
- **Mineral Resource:** Indicated Mineral Resource at a 0.3 g/t gold cut-off grade of 20.5 Mt at 0.87 g/t gold, for contained

gold of 573,000 ounces and an Inferred Mineral Resource at a 0.3 g/t cut-off of 0.38 Mt at 0.8 g/t gold for 10,000 ounces<sup>(4)</sup>

- **Initial Mineral Reserve:** Probable Mineral Reserve at a 0.5 g/t gold cut-off grade of 11.8 Mt at 1.22 g/t gold for 465,000 ounces
- **Mining:** Open pit with 0.5 g/t gold cut-off grade (COG), low strip ratio of 2.2 and 1.22 g/t life of mine (“LOM”) gold grade
- **Conventional Process Flow Sheet:** Returns 79.3% gold recovery to doré at the operating Processing Plant
- **Processing:** On-site flotation producing gold-bearing pyrite concentrate assaying from 15 to 40 g/t and transportation to the Processing Plant (located 85 km from the Project) for processing to produce doré
- **Low Environmental Risk:** Small project footprint with benign, non-acid generating and non-hazardous waste and tailings material
- **Opportunities for Project Enhancement:** The Rozino gold deposit is open to the southeast and exploration is ongoing. Additional pit tailings storage capacity exists to accommodate potential increases in ore production.

Notes:

(1) Base case parameters assume a gold price of US\$1,500/ounce and an exchange rate (CAD\$ to US\$) of 0.75. Financial results on 100% equity basis.

(2) All-In Sustaining Cost (AISC) is defined as all cash costs related to production costs such as mining, processing, refining, site administration, and NSR royalty to final product (direct and indirect), and mine closure and rehabilitation. Sustaining capital costs related to continuing the business including development and equipment required to sustain production are included. Taxes, working capital, M&A, disposals, and acquisitions as well as new mine development capital costs are excluded. See “Use of Non-IFRS Financial Performance Measures” below.

(3) Cash Costs include production costs such as mining, processing, refining, site administration, and NSR royalty, divided by gold ounces sold to arrive at a cash cost per gold ounce sold. See “Use of Non-IFRS Financial Performance Measures” below.

(4) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Mineral Resources are considered too speculative geologically in nature to enable them to be categorized as Mineral Reserves and there can be no certainty that all or any part of an inferred mineral resources will ever be upgraded to Indicated Mineral Resources or Measured Mineral Resources.

The Mineral Resource estimate was carried out by MPR Geological Consultants Pty Ltd.

Recoverable resources were estimated using Multiple Indicator Kriging (MIK) with block support adjustment, a method that has been demonstrated to provide reliable estimates of recoverable open pit resources in gold deposits of diverse geological styles. Indicator class grades used for the MIK modelling were determined from the mean composite gold grade of each indicator class. Estimates for mineralisation tested by generally consistently 50 m by 50 m and closer spaced drilling are classified as Indicated, with estimates for more broadly sampled zones assigned to the Inferred category. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. To provide estimates with reasonable prospects for eventual economic extraction, Mineral Resources are reported within an optimized pit shell.

#### Mineral Resource Estimate (effective date 15<sup>th</sup> April 2020)

Within \$1,500/oz pit shell			
Indicated Mineral Resource Estimate			
Cut-off g/t	Tonnes Mt	Grade Gold g/t	Contained Gold koz
0.2	27.2	0.72	630
<b>0.3</b>	<b>20.5</b>	<b>0.87</b>	<b>573</b>
0.4	15.5	1.04	518
0.5	12.0	1.22	471
0.6	9.42	1.40	424
Inferred Mineral Resource Estimate			
Cut-off g/t	Tonnes Mt	Grade Gold g/t	Contained Gold koz
0.2	0.49	0.7	11
0.3	0.38	0.8	10
0.4	0.29	0.9	8
0.5	0.23	1.0	7
0.6	0.17	1.2	7

Notes:

- (1) The selected base case Mineral Resources are reported at a cut-off grade of 0.3 g/t gold.
- (2) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- (3) The Mineral Resources have been classified and reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards - For Mineral Resources and Mineral Reserves" ("CIM Definition Standards").
- (4) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Mineral Resources are considered too speculative geologically in nature to enable them to be categorized as Mineral Reserves and there can be no certainty that all or any part of an inferred mineral resources will ever be upgraded to Indicated Mineral Resources or Measured Mineral Resources.

The Rozino deposit supports an economic open pit mining operation. The Mineral Reserve estimate is based on the Indicated classification of the Mineral Resource contained within the pit design. The Mineral Reserve estimate has considered all modifying factors appropriate to the Rozino Gold Project. The reference point at which the Mineral Reserves are defined is where the ore is delivered to the processing plant.

**Probable Mineral Reserves (effective date 30<sup>th</sup> August 2020).**

Ore Type	Reserve Category	Tonnes Mt	Gold Grade g/t	Contained Metal koz Gold	Metallurgical Recovery %	Recoverable Metal koz Gold
Oxide	Probable	1.9	1.07	64	67.4	43
Transitional	Probable	1.8	1.15	68	70.7	48
Sulphide	Probable	8.1	1.27	332	83.3	277
<b>Total</b>	<b>Probable</b>	<b>11.8</b>	<b>1.22</b>	<b>464</b>	<b>79.3</b>	<b>368</b>

Notes:

- (1) The Mineral Reserve disclosed herein has been estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014).
- (2) Mineral Reserves discard cut-off grade was 0.5 g/t gold
- (3) Mineral Reserves are based on a \$1,500/oz gold price
- (4) Mineral Reserves account for mining dilution and ore loss
- (5) Probable Mineral Reserves were based on Indicated Mineral Resources
- (6) Sum of individual amounts may not equal due to rounding

None of the Inferred category of the Mineral Resources are included in the Mineral Reserves. Inferred Mineral Resources do not contribute to the financial performance of the project and are treated in the same way as waste. Mining losses and mining dilution are incorporated in the MIK Mineral Resource estimate. CSA Global were able to determine that mineralisation can be adequately modelled for its diluted, recoverable grade properties assuming a selective mining unit (SMU) of 4 x 6 x 2.5 m using the MIK methodology. CSA Global consider that the Mineral Resources can be effectively mined by open cut extraction using the selected mining equipment and qualifications relating to training, grade control practices, and drilling and blasting technique applied, without additional dilution and loss factors being applied.

The mine will be a conventional open pit shovel and truck operation. The mine plan allows for the production of 9.2 Mt of high-grade ore and 2.7 Mt of low-grade ore (a total of 11.8 Mt) over a period of 7 years. High grade ore will have a cut-off of 0.8 g/t gold and an average head grade of 1.38 g/t. Low grade ore will have a cut-off of 0.5 g/t and an average head grade of 0.68 g/t. Low-grade ore will be stockpiled on the waste rock dump and processed over the last 18 months of mine life. The mining schedule also identifies ore by the degree of weathering (Oxidised, Transitional and Sulphide). Metallurgical testwork indicated that there was no benefit to processing the ore types separately and therefore there is no selectivity in the mining or processing operations. This mine plan will allow the processing of 1.75 Mt of ore per annum for a total mine life of 7 years.

To support the process design requirements for the Prefeasibility Study, extensive metallurgical testwork programs were undertaken by Wardell Armstrong International Ltd ("WAI") in the UK, and Eurotest Control ("ETC") in Sofia, Bulgaria. The outcomes of the testwork programs confirmed that the flowsheet developed for the PEA, namely flotation followed by CIL ("FCIL") to produce doré, remained the optimal basis for plant design in the PFS. For the Mineral Reserve, the average expected recovery for Oxide material is 67.4%, Transitional 70.7% and Sulphide 83.3% for an average overall combined recovery of 79.3% to final doré. Over the life of the project it is estimated that the expected recovery will vary from 65 to 85% on an annual basis depending on the relative proportions of oxidised ore and gold grade in the plant feed.

Velocity has initiated the environmental and social impact assessment ("ESIA") process, including the permitting procedures to meet Bulgarian regulations and gather environmental data. Under the Bulgarian Environment Protection Act, the

development of an economically viable mining reserve requires an Environmental Impact Assessment (“EIA”) which complies with European environmental regulations and will inform the environmental component of the ESIA. The prospecting and exploration license agreement for the Tintyava Property has been signed with the Minister of Energy and exploration activities have been approved by the Ministry of Environment and Waters. All necessary permits to conduct the work proposed for the property have been obtained and there are no known significant factors or risks that may affect access, title or the right or ability to perform work on the Property.

Rozino is located within the Eastern Rhodope mountains and therefore requires a compatibility assessment to comply with Bulgarian law and the European Union Natura 2000 Habitats Directive. An initial compatibility assessment was conducted and approved for the exploration program, with a second preliminary assessment completed for exploitation. The results of this preliminary assessment have informed the Project design, resulting in a significantly reduced Project footprint.

Velocity has commenced baseline monitoring to characterize environmental conditions, including surface and groundwater quantity and quality, air quality, acid drainage potential, local meteorological conditions, and ecological aspects.

Social engagement activities have commenced and are ongoing. Local stakeholders are supportive of the Project and have been included and employed in the Project where possible.

### **Nadezhda Project**

The Nadezhda project is located within the municipality of Kardzhali in southeast Bulgaria approximately 280 km by road east-southeast of the capital, Sofia. The Nadezhda Project is centered on the Makedontsi deposit, which is a geological resource registered on the Bulgarian state balance. Historical estimates at Makedontsi were calculated by Gorubso using the Bulgarian classification scheme, based on manual polygonal methods of resource classification. Estimates were submitted to and accepted by the Bulgarian government, Dragiev H, 2013 "Mlechino Prospecting License, Geological Report at the Nadezhda Prospect, with Resource and Reserve Recalculations of ‘Au Ores’ at the Makedontsi, Dangovo and Kalina deposits”.

In order to verify the exploration potential of existing resources at Makedontsi, significant drilling will be required. The Company is not treating the historical resources at Nadezhda as current mineral resources or mineral reserves. Historical resources are not consistent with the standards of disclosure defined by NI 43-101 and may not necessarily be consistent with CIM best practice with respect to reporting mineral resources and reserves. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves.

The Nadezhda project has had little if any modern systematic exploration carried out and significant exploration potential exists. A program of modern integrated geochemical and geophysical survey is ongoing in order to assess ‘blind’ mineralisation amenable to open pit mining under a thin post mineralization limestone cover sequence.

### **Momchil Project**

The Momchil project is located within the municipality of Momchilgrad in southeast Bulgaria approximately 310 km by road east-southeast of the capital, Sofia.

In August 2021 two composite samples of jaw-crushed coarse reject samples of Velocity diamond core were submitted to Eurotest Control EAD in Sofia (“Eurotest”) for metallurgical test-work. These samples were selected as representing combined oxidised and transitional and fresh mineralization respectively as follows:

- Combined oxide and transition sample: OM-OT-01 was produced from 481 sample intervals comprising 391 and 90 samples from intervals geologically logged as oxidised and transition respectively.
- Fresh sample: OM-F-02 was produced from 343 sample intervals geologically logged as fresh.

The combination of oxidised and transitional material into a single sample for metallurgical test-work reflects the small proportion of Mineral Resources hosted by transitional material and the expected metallurgical similarity of the two material types. The samples were subjected to test-work comprising complete chemical and mineralogical characterization, phase analysis (Diagnostic Leach Test) of gold present in each sample and testing to determine cyanide leaching kinetics and degree of gold recovery.

Gold head grades were determined for each sample from the average of four fire assays. The test results, including agitated cyanide leaching demonstrate that mineralization represented by the two composite samples is amenable to standard Carbon in Leach (CIL) processing, with estimated gold recoveries of around 95% and 96% for the oxide/transition and fresh samples

respectively. The test-work does not indicate any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

In December 2021, the Company disclosed a Mineral Resource estimate prepared under *National Instrument 43-101*. Highlights include a Mineral Resource estimate of 3.2 Mt @ 1.2 g/t gold for 123,000 ounces, at 0.3 g/t gold cut-off grade. Recoverable resources were estimated for the Durusu Zone at Obichnik using Multiple Indicator Kriging (“MIK”) with block support adjustment, a method that has been demonstrated to provide reliable estimates of recoverable open pit resources in gold deposits of diverse geological styles. The resource estimates include a variance adjustment to give estimates of recoverable resources above gold cut off grades for selective mining unit (“SMU”) dimensions of 5m east by 2m north by 2m in elevation. The variance adjustments were applied using the direct log-normal method.

The estimates are based on data from diamond drilling undertaken by Velocity since 2019 and includes drilling information available on the 10th of February 2021 comprising 37 holes for 6,820m. Velocity’s diamond holes are inclined to the southwest at generally 50° at generally around 25m spacing along generally 50 m spaced traverses with rare closer spaced holes. Mineralization is characterized as structurally controlled steep epithermal replacement of the volcanic host with a large envelope of alteration that forms part of a 2.5km by 1km wide intrusive related hydrothermal mineralizing system.

Model blocks are categorized by oxidation zone from triangulated surfaces representing the base of complete oxidation and top of fresh rock interpreted from geological logging of Velocity’s diamond holes. Within the resource area the depth to the base of complete oxidation averages around 55m, with fresh rock occurring at an average depth of around 68m. Bulk densities of 2.30, 2.50 and 2.55 tonnes per cubic metre were assigned to completely oxidized, transitional and fresh material respectively on the basis of 30 immersion density measurements performed by Velocity on diamond drill core samples.

Tables below show the Inferred Mineral Resource estimates for Durusu and the estimates by oxidation zone. The figures in these tables are rounded to reflect the precision of the estimates and include rounding errors. The Updated Technical Report reports Mineral Resources within an optimized pit shell generated with the parameters shown in a table below. These parameters were derived from recent metallurgical test-work performed on samples of Durusu mineralization as described below and the parameters used for generating the pit shell constraining Mineral Resource estimates for Velocity’s Rozino deposit, for which evaluation is more advanced than Durusu. The gold price of \$US 1,500/oz was selected from the trailing five-year average gold price with appropriate rounding. These parameters generate a gold cut-off grade of 0.3 g/t for oxide, transitional and fresh mineralization and this cut-off was selected for Mineral Resource reporting.

#### Durusu Inferred Mineral Resource estimates (1)

Effective date of estimates: 6 <sup>th</sup> December 2021		
Cut off grade 0.3 g/t Au		
Tonnes (Mt)	Grade (Au g/t)	Metal (Au koz)
3.2	1.2	123

(1) Mineral resources were estimated by Jonathon Abbott, a member of the Australian Institute of Geoscientists and employee of MPR Geological Consultants Pty Ltd of Perth, Australia. Mr. Abbott is a Qualified Person, as defined by National Instrument 43-101.

#### Mineral Resource estimates by oxidation zone

Effective date of estimates: 6 <sup>th</sup> December 2021			
Cut off grade 0.3 g/t Au			
Zone	Tonnes (Mt)	Grade (Au g/t)	Metal (Au koz)
Oxide	1.7	1.3	71
Transition	0.4	1.3	17
Fresh	1.1	0.9	32
<b>Total</b>	<b>3.2</b>	<b>1.2</b>	<b>123</b>

#### Parameters Used to Generate Pit Shell to Constrain Mineral Resource Estimates

Gold price	\$US 1,500 per troy ounce
Cost per tonne of material mined	\$US 2.60 per tonne
Cost per tonne of material milled	\$US 11.75 per tonne
Metallurgical recovery	Oxide and Transition 94.65%, Fresh 95.94%
Refining charge	\$US 1.44 per troy ounce
Wall angle	45°



On December 8, 2021, the Company filed a NI 43-101 Technical report on SEDAR entitled “NI 43-101 Technical Report Exploration and Mineral resource Estimation for the Obichnik Property, Republic of Bulgaria”. The Updated Technical Report differs from the March 2021 Technical Report in that the Mineral Resources are reported from the February 2021 block model constrained within an optimal pit shell rather than being truncated at 180 m depth.

On June 23, 2021, the Company announced that it had delivered an option exercise notice to Gorubso for the Momchil property, which includes the Obichnik gold project. Following delivery of the Exercise notice, Velocity is deemed to have earned a 70% interest in the property and to be in joint venture with Gorubso for the further development of the property.

### **Iglika Project**

The Iglika project is located within the municipalities of Bolyarovo and Elhovo in southeast Bulgaria approximately 340 km by road east-southeast of the capital, Sofia.

Iglika is located in the western most portion of the prolific Tethyan belt that transects Bulgaria and hosts a number of epithermal gold and porphyry copper-gold mineral deposits and operating mines. The property is considered to be under-explored, located in a highly prospective precious and base metal mineral belt. Iglika has potential for both epithermal gold, skarn gold, porphyry copper and porphyry copper – gold deposits.

The Company’s extensive geochemical and geophysical exploration on the license has included 353 rock samples, 2,624 soil samples, 51-line km of magnetic data, and 111 line km of induced polarization, all of which has identified more than 10 target areas for drill testing. Drilling at the Voden gold target concluded in July 2022 with 9 drill holes for a total of 1,275 m. Several low-grade gold intersections were returned, including 4m at 0.51 g/t gold at surface but in general the drill results were disappointing, and no further work is planned at Voden target.

Drill permissions were recently received from the local municipality for the rest of the Iglika’s area. Further analysis and review is ongoing in regards to further work at Iglika, including drill holes targeting near-surface epithermal gold mineralization.

### **Quality Assurance and Quality Control**

The work programs in Bulgaria are designed and supervised by Daniel Marinov, MAIG RPGeo, the Company’s Vice President Operations .who is responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project rigorously collect and track samples which are then security sealed and shipped to either ALS Global laboratory in Romania or Eurotest laboratory in Bulgaria for sample preparation and subsequent analysis.

For the purposes of Mineral Resource estimation samples are prepared and analyzed by fire assay using a 30-gram charge in compliance with industry standards at ALS’ Romanian laboratory. Where necessary a sample split of the milled material is shipped to ALS’ Irish laboratory for multi-element analysis using an inductively coupled Mass Spectrometer. Field duplicate samples, blanks and independent controlled reference material (standards) are added to every batch.

Geochemical survey samples are collected for shipment together with 10% blank samples and 10% field duplicates for low temperature drying prior to an appropriate weighted sample being sent to either ALS laboratories in Ireland for Aqua Regia digest and ICP-MS finish to determine gold plus 39 multi-elements or Eurotest laboratories in Bulgaria for 50g FA gold plus 0.5g Aqua Regia digest ICP-AES finish 35 element-elements.

Geophysical surveys are carried out by geophysical consultants using up-to-date technologies, with the results checked by a third-party independent geophysicist for quality control. Raw data is processed and corrected and the results are interpreted by 2 independent groups of geophysicists under the direction of Company staff.

### **Qualified Person**

Daniel Marinov, MAIG RPGeo, the Company’s Vice President Operations and a Qualified Person as defined by National Instrument 43-101, has approved the scientific and technical information concerning the Company discussed in this MDA. Mr. Marinov is not independent of the Company as he is a shareholder and holds incentive stock options.

## Exploration and evaluation assets

As at September 30, 2022, the Company had a balance of exploration and evaluation assets of \$24,441,370 (December 31, 2021 - \$23,203,534) which is further detailed in the table below:

	Tintyava	Nadezhda	Momchil	Iglika	Total
	\$	\$	\$	\$	\$
<b>Acquisition costs</b>					
Balance, December 31, 2021	2,097,757	6,635	1,384	146,132	2,251,908
Additions – legal and claim fees	4,283	105,490	60,700	979	171,452
<b>Balance, September 30, 2022</b>	<b>2,102,040</b>	<b>112,125</b>	<b>62,084</b>	<b>147,111</b>	<b>2,423,360</b>
<b>Exploration and evaluation</b>					
Balance, December 31, 2021	13,307,608	655,365	5,462,854	1,525,799	20,951,626
Community relations	23,861	-	-	7,742	31,603
Drilling and assays	2,350	-	-	208,679	211,029
Metallurgy, engineering, environmental studies	82,033	-	-	-	82,033
Field and vehicles	157,079	-	-	70,809	227,888
Geological	105,657	-	6,194	9,427	121,278
Salaries	196,775	-	-	106,449	303,224
Share-based compensation	66,545	1,247	1,247	20,290	89,329
Additions for the period	634,300	1,247	7,441	423,396	1,066,384
Balance, September 30, 2022	13,941,908	656,612	5,470,295	1,949,195	22,018,010
<b>Balance, September 30, 2022</b>	<b>16,043,948</b>	<b>768,737</b>	<b>5,532,379</b>	<b>2,096,306</b>	<b>24,441,370</b>

## **RESULTS FROM OPERATIONS**

### *Three months ended September 30, 2022 (“Q3 2022”) and 2021 (“Q3 2021”)*

During the three months ended September 30, 2022, the Company reported a net loss for the period of \$632,445 of which \$598,649 attributed to the owners of the Company and \$33,796 to the non-controlling interest, compared to a net loss of \$584,158, of which \$552,388 attributed to the owners of the Company and \$31,770 to the non-controlling interest for the three months ended September 30, 2021. Loss per share was \$0.00 for the three months ended September 30, 2022 compared to \$0.00 loss per share for the three months ended September 30, 2021.

The Company’s operating expenses were \$634,470 in Q3 2022 compared to \$571,398 in Q3 2021. An analysis of the significant variances follows:

- Project evaluation expense was \$94,854 in Q3 2022 vs \$124,953 in Q3 2021, as in Q3 2022 the Company slowed down its activities on investigating new properties to add to its portfolio.
- Professional fees were relatively consistent in Q3 2022 of \$101,438 compared to \$88,843 in Q3 2021.
- Travel expense increased to \$28,496 in Q3 2022 from \$17,932 in Q3 2021, driven by increase in both overseas travel as well as in-country travel in Bulgaria for executive meetings and collaborations.
- Salaries were relatively consistent in Q3 2022 of \$213,081 compared to \$188,616 in Q3 2021.
- Investor relations expenses increased to \$20,779 in Q3 2022 from \$17,768 in Q3 2021 mainly driven by the suspension of certain media coverage programs in 2022.

The Company recorded net other income of \$2,025 in Q3 2022 compared to net other expenses of \$12,760 in Q3 2021, a decrease in net other expense of \$14,785, primarily driven by the decrease in other expenses.

Nine months ended September 30, 2022 (“YTD2022”) and 2021 (“YTD2021”)

During the nine months ended September 30, 2022 the Company reported net loss for the period of \$2,155,513, of which \$2,074,769 attributed to the owners of the Company and \$80,744 to the non-controlling interest, compared to a net loss of \$1,829,206, of which \$1,741,141 attributed to the owners of the Company and \$88,065 to the non-controlling interest for the comparative period in the previous year. Loss per share was \$0.00 for the nine months ended September 30, 2022 and \$0.01 for the nine months ended September 30, 2021.

The Company’s operating expenses were \$2,094,915 in YTD2022 compared to \$1,583,494 in YTD2021. An analysis of the significant variances follows:

- Project evaluation expense was \$529,899 in YTD2022 vs \$207,287 in YTD2021, as the Company expanded its activities on investigating new properties to add to its portfolio in 2022.
- Salaries increased to \$676,595 in YTD2022 compared to \$613,159 in YTD2021 due an increase in time of personnel engaged with administration and compliance activities in Bulgaria and Canada.
- Professional fees increased to \$332,558 in YTD2022 from \$281,567 in YTD2021, due to an increase in due diligence activities in YTD2022 compared to YTD2021 in respect to prospective new project.
- Travel expense increased to \$85,159 in YTD2022 from \$44,228 in YTD2021, consistent with the reasons described for the three-month period ended September 30, 2022 and 2021.

The increase in operating expenses was partially offset by a decrease in Investor relations expense by \$37,119 in YTD2022 compared to YTD2021 driven by a decrease in consulting fees related to investors outreach program in Europe, as well as suspension of certain media coverage programs in Q2 2022.

The Company recorded net other expense of \$60,598 in YTD2022 compared to net other expenses of \$245,712 in YTD2021, a decrease in net other expense of \$185,114, primarily driven by the following variances:

- Interest expense on convertible debenture of \$Nil and accretion expense of \$Nil in YTD2022 as compared to \$100,536 and \$49,294 in YTD2021 respectively due to the convertible debenture principal and accrued interest having been converted to shares effective March 26, 2021.
- Foreign exchange loss of \$44,865 in YTD2022 compared to a foreign exchange loss of \$59,745 in YTD2021. The decrease in foreign exchange loss was due to changes of the Bulgarian lev in respect to the Canadian dollar as at September 30, 2022 and December 31, 2021, as well as changes in monetary assets and liabilities.

**SUMMARY OF QUARTERLY RESULTS**

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company’s consolidated financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters.

Quarter Ended Amounts in \$'000 (except EPS)	Sept. 30 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Net loss	(632)	(840)	(683)	(678)	(584)	(571)	(674)	(662)
Loss per share – basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	26,832	27,240	27,960	28,481	28,744	29,174	29,935	29,011
Working capital	1,702	2,389	3,736	4,604	5,304	6,500	8,687	10,028

The changes in the Company’s financial results on a quarter-by-quarter basis are due primarily to fluctuations in the level of activity of Company’s exploration programs and administration. Total assets and working capital will fluctuate based on any

debt or equity issuances, with working capital decreasing predominantly on exploration activities. The Company is a mineral exploration company and does not earn any revenue.

## FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company has been historically financing its operations through the issuance of shares or debt. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering could result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's future revenues, if any, are expected to be in large part derived from the development of its mineral properties for the mining of certain minerals, particularly gold, or interests related thereto. The economics of developing and producing resource properties are affected by many factors including the cost of operations, variations in the grade of ore discovered or mined and the price of the metals produced. Depending on metal prices, the Company may determine that it is impractical to continue development of its mineral properties or to pursue commercial production.

Gold prices are affected by factors that include anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments and shifts in supply and demand. Gold prices remain moderate to strong for the foreseeable future.

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. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	September 30, 2022	December 31, 2021
Working capital <sup>(1)</sup>	\$ 1,701,841	\$ 4,603,609
Deficit	(\$20,548,248)	(\$18,473,479)

<sup>(1)</sup> Including restricted cash of \$74,782 and \$61,592 as at September 30, 2022 and December 31, 2021 respectively.

Net cash used in operating activities during the nine months ended September 30, 2022 was \$1,925,164 (nine months ended September 30, 2021 – \$1,716,033).

Net cash provided by financing activities during the nine months ended September 30, 2022 was \$214,165 (nine months ended September 30, 2021 – \$1,530,231). This included cash contributions of \$263,137 (nine months ended September 30, 2022 - \$1,121,972) by the Company's joint venture partner for Tintyava's exploration program.

Net cash used in investing activities during the nine months ended September 30, 2022 was \$1,274,826 (nine months ended September 30, 2021 – \$5,025,642). This included cash used for exploration and evaluation assets of \$1,275,115 for the nine months ended September 30, 2022 (nine months ended September 30, 2021 – \$4,986,410).

There were no share issuances during the nine months ended September 30, 2022 and up to the date of this MDA.

### Use of Proceeds

On November 24, 2020, the Company announced the completion of a strategic investment of \$6.7 million and concurrent private placement of \$0.2 million and \$2.0 million exercise of pre-existing participation rights for aggregate gross proceeds of \$8.9 million, and the expected use thereof to advance the Company's Rozino project and other exploration properties, and for general working capital purposes. Since the closing of the November 2020 private placements to September 30, 2022, the Company has used the proceeds therefrom (approximately \$8.9 million) and working capital that was previously available (approximately \$3.7 million) on the Rozino project (approximately \$4.8 million), other exploration projects, including project investigation (approximately \$4.5 million) and general working capital, including recoveries from partners (approximately \$1.6 million).

## Capital Management

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants included in reserve.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2022.

## RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the three and nine months ended September 30, 2022 and 2021 was as follows:

		Three months ended September 30, 2022		Three months ended September 30, 2021		Nine months ended September 30, 2022		Nine months ended September 30, 2021
<i>Directors' fees</i>								
Compensation Committee Chair and Director	\$	6,500	\$	6,000	\$	19,500	\$	18,000
Audit Committee Chair and Director		7,000		6,000		21,000		18,000
Director								
<i>Salaries and bonuses for management services</i>								
Director, President and CEO	\$	98,625	\$	75,000	\$	250,875	\$	252,750
CFO		20,240		16,000		81,920		49,872
VP Corporate Communications <sup>(1)</sup>		21,154		30,000		59,173		94,200
<i>Consulting fees and bonuses for management services</i>								
Director and VP – Operations	\$	63,437	\$	62,500	\$	225,312	\$	206,500
VP – Exploration <sup>(2)</sup>		-		31,200		-		166,000
<b>Total remuneration</b>	<b>\$</b>	<b>216,956</b>	<b>\$</b>	<b>226,700</b>	<b>\$</b>	<b>657,780</b>	<b>\$</b>	<b>805,322</b>

(1) VP Corporate Communications retired as of July 7, 2022.

(2) VP Exploration retired as of November 1, 2021.

Company recorded a total share-based compensation of \$76,799 and \$124,296 for the three and nine months ended September 30, 2022 respectively (\$33,088 and \$88,677 for the three and nine months ended September 30, 2021 respectively), related to vesting of stock options granted to key management personnel. As at September 30, 2022, the Company had \$Nil included in trade and other payables due to key management personnel (December 31, 2021 - \$21,490). No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three and nine months ended September 30, 2022 and 2021.

Consulting fees of \$35,947 and \$99,386 are included in exploration and evaluation assets for the three and nine months ended September 30, 2022 respectively (2021 - \$70,587 and \$286,962), and \$27,490 and \$125,926 are included in project evaluation costs for the three and nine months ended September 30, 2022 respectively (2021 - \$23,113 and \$85,538).

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to going concern, the recoverability of the carrying value of exploration and evaluation assets, determining whether an acquisition is a business combination or an assets acquisition, , and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

None.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet financing arrangements.

### **PROPOSED TRANSACTIONS**

Currently the Company is not a party to any material proceedings. The Company continually evaluates new opportunities, including new properties by staking, acquisition or joint venture, and corporate consolidation or merger opportunities.

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, receivables, and trade and other payables.

As at September 30, 2022, the carrying values of receivables and trade and other payables approximate their fair values due to their short terms to maturity. The Company's cash and cash equivalents, under the fair value hierarchy is based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company is exposed to certain financial risks including credit risk, currency risks, liquidity risk, interest rate risk, and price risk. Details of each risk are laid out in the notes to the Company's annual audited consolidated financial statements for the year ended December 31, 2021. Management has determined that these risks, individually and in aggregate, are immaterial to the Company.

### **OUTSTANDING SHARE DATA**

	November 18, 2022	September 30, 2022
Common shares issued and outstanding	160,278,919	160,278,919
Stock options outstanding	6,526,000	6,904,000
<b>Total</b>	<b>166,804,919</b>	<b>167,182,919</b>

### **RISKS AND UNCERTAINTIES**

The Company is subject to a number of significant risks due to the nature of its business and the present stage of its business development. Only those persons who can bear risk of the entire loss of their investment should invest in the Company's Common Shares, convertible debentures, warrants, options or other securities.

The Company's failure to successfully address such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its Common Shares may decline and investors may lose all or part of their investment. The Company cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Estimates of mineral resources and mineral reserves are inherently forward-looking statements subject to error. Although mineral resource and mineral reserve estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include: geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

The Company provided a brief summary of some of the Company's risks and uncertainties in its annual Management Discussion & Analysis and its Annual Information Form, both dated April 22, 2022. These risk factors are not a definitive list of all risk factors associated with an investment in the common shares of the Company or in connection with the Company's operations.

### **APPROVAL**

The Board of Directors of the Company has approved the disclosures in this MDA.

Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).