ELY GOLD ROYALTIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended March 31, 2021

INTRODUCTION

This Management Discussion & Analysis ("MD&A") is provided to enable the reader to assess material changes in financial condition and results of operations of Ely Gold Royalties Inc. ("Ely Gold" or the "Company") for the three months ended March 31, 2021. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 and the audited consolidated financial statements of the Company for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's condensed interim consolidated financial statements.

This MD&A is prepared in conformity with National Instrument ("NI") 51 102F1 *Management's Discussion & Analysis*. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars, except where indicated otherwise. This MD&A has taken into account information available up to and including May 27, 2021.

The Company is a reporting issuer in the provinces of British Columbia and Alberta in Canada and is listed on the TSX Venture Exchange (the "Exchange") under the symbol "ELY" and on the OTCQX in the United States under the symbol "ELYGF".

Additional information related to the Company is available on SEDAR at www.sedar.com. The Company's website is at www.elygoldinc.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, which include all statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. Statements regarding the adequacy of cash resources to carry out the Company's business, potential profit from royalties, or the need for future financing are forward-looking statements. Readers are advised to refer to the cautionary language below when reading any forward-looking statements.

These include, without limitation:

- the Company's anticipated results and developments in the Company's operations in future periods;
- expected future benefits from royalties related to mineral properties;
- planned acquisition, disposition, exploration and development of its mineral properties;
- planned expenditures and budgets;
- evaluation of the potential impact of future accounting changes;
- estimates concerning share-based payments and carrying value of properties; and
- other matters that may occur in the future.

These statements relate to analyses and other information that are based on expectations of future performance and planned work programs.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the related property is developed.

With respect to forward-looking statements and information contained herein, the Company has made a number of assumptions with respect to, among other things, the price of gold and other metals, economic and political conditions, and continuity of operations. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information contained or incorporated by reference herein will prove to be accurate.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors, which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- *fluctuations in mineral prices;*
- *the Company's dependence on a limited number of mineral projects and royalties;*
- *the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;*
- *the Company's lack of operating revenues;*
- *the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs;*
- *jurisdiction operating risks that can over time include changes in political, economic, regulatory and taxation regimes;*
- *governmental regulations and specifically the ability to obtain necessary licenses and permits;*
- *risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title;*
- *fluctuations in the currency markets;*
- *changes in environmental laws and regulations that may increase costs of doing business and restrict the Company's operations;*
- *risks related to the Company's dependence on key personnel;*
- *estimates used in the Company's condensed interim consolidated financial statements proving to be incorrect;*
- *the impact of general business and economic conditions;*
- *the ongoing operation of the properties in which the Company holds a royalty, stream or other production-base interest by the owners or operators of such properties in a manner consistent with past practice;*
- *the accuracy of public statements and disclosures made by the owners or operators of such underlying properties;*
- *the Company's ongoing income and assets relating to determination of its passive foreign investment company (PFIC) status;*
- *no material changes to existing tax treatment;*
- *no adverse development in respect of any significant property in which the Company holds a royalty, stream or other production-based interest;*
- *the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production;*
- *integration of acquired assets;*
- *actual results of mining and current exploration activities;*
- *conclusions of economic evaluations and changes in project parameters as plans continue to be refined;*

- *problems inherent to the marketability of precious metals;*
- *stock market volatility;*
- *mine or exploration project closings or delays due to health pandemics, war, terrorism, or other yet unknown global or regional man-made or natural catastrophes;*
- *competition; and*
- *the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended.*

The COVID-19 global health pandemic has had a significant impact on the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown. The adverse effects of the pandemic may continue for an extended and unknown period of time, particularly as variant strains of the virus are identified. The impact of the pandemic to date has included extreme volatility in financial markets, a slowdown in economic activity and extreme volatility in commodity prices, including gold. As well, as efforts have been undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects have been impacted. Many mining projects, including some of the properties in which the Company holds a royalty, stream or other interest, could be impacted by the pandemic resulting in the slowdown of operations and other mitigation measures that impact production. If the operation or development of one or more of the properties in which the Company holds a royalty from which it receives or expects to receive significant revenue is slowed down or suspended as a result of the continuing COVID-19 pandemic or future pandemics or other public health emergencies, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's common shares on the Exchange.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

OVERVIEW

The Company's registered office is Suite 2833 – 595 Burrard Street, P.O. Box 49195, Vancouver, British Columbia, Canada, V7X 1J1.

The Company's operations are conducted through Ely Gold and its wholly owned subsidiaries, DHI Minerals Ltd. (a Canadian corporation), DHI Minerals (US) Ltd. ("DHI US") (a Nevada corporation), Nevada Select Royalty, Inc. ("Nevada Select") (a Nevada corporation), REN Royalties LLC ("REN") (a Nevada corporation) and its 100% owned subsidiary, VEK Associates ("VEK") (a Nevada corporation).

The Company's operations are focused on developing recurring cash flow streams through the acquisition, consolidation, enhancement, and resale of highly prospective, unencumbered North American precious metals properties. The Company seeks to acquire royalties and purchase agreements over development stage assets, advanced stage development projects or operating mines. In return for making an upfront payment to acquire royalties, the Company receives the right to purchase, at a fixed price per unit, a percentage of a mine's production for the life of the mine.

The Company is currently focused on:

- purchasing producing royalties on precious metals properties;
- purchasing development stage royalties on precious metals properties being advanced by third parties;

- acquiring exploration and development stage gold projects, to be sold to third parties while retaining royalties; and
- maintaining a focus on royalties and properties in North America, primarily in Nevada.

As of the date of filing, Ely Gold's current portfolio includes 12 Key Assets, 27 Development Assets and 43 Exploration Assets consisting of 38 deeded royalties, 14 leased properties, which include royalties, and 29 properties, which are being sold under an option contract to third parties. Within the portfolio, the Company has three producing royalties. Ely Gold owns 20 additional mineral properties, which are currently being marketed for sale. The Company sells 100% of a property either for cash or under a four-year option contract. The Company occasionally accepts shares of stock from its purchasers and Ely Gold always retains a royalty interest when a property is sold.

STRATEGY AND OUTLOOK

The Company's business model is designed to create shareholder value by purchasing royalties that are producing or near-term producing while generating longer term development and exploration royalties through property sales. Nevada Select, the Company's wholly owned subsidiary, is focused on developing recurring cash flow streams and generating royalties through the acquisition, consolidation, enhancement and resale of highly prospective, unencumbered North American precious metals properties. Ely Gold's property development efforts maximize each property's potential for acquisition, while reserving long-term royalty interests.

The recoverability of costs capitalized to royalties and mineral properties and the Company's future financial success are dependent upon the extent to which economic gold mineralized bodies can be developed into producing mines and these producing mines can further be expanded through the discovery of additional economic ore bodies. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. Many of the key factors for advancing the Company's projects to production are dependent on outside factors, such as obtaining the necessary rights and permitting, which need to be granted from certain local and governmental agencies located in the jurisdictions that the Company operates in or in which these ore bodies exist. Additional risk factors that may affect the financial success of the Company and its condensed interim consolidated financial statements and the risk factors related to mineral exploration and development are set out under the heading **Risks and Uncertainties** listed below.

The Company knows of no trends, demands, commitments, events or uncertainties outside of the normal course of business that may result in the Company's liquidity either materially increasing or decreasing at the present time or in the foreseeable future. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's royalty and option programs. The overall market conditions for smaller resource companies are another significant risk factor. The Company is not aware of any seasonality in the business that may have a material effect upon its financial condition, other than those normally encountered by public reporting junior resource companies. The Company is not aware of any changes in the results of its operations that are other than those normally encountered in its ongoing business.

GROSS REVENUES AND PROCEEDS

During the three months ended March 31, 2021, the Company received total gross proceeds from option and royalty payments as follows:

	Three months ended March 31, 2021	March 31, 2020
Revenue		
Royalties	$ 733,821	$ 117,383
Option proceeds	276,100	107,610
Total proceeds recorded as revenue in the condensed interim consolidated statement of income	1,009,921	224,993
Exploration reimbursements	-	-
Total proceeds included in the condensed interim consolidated statements of loss and comprehensive loss	1,009,921	224,993
Option proceeds included as recovery of capitalized assets (note 9(a) in the condensed interim consolidated financial statements)	429,959	56,748
Total gross proceeds from optioned properties and royalty assets	**$ 1,439,880**	**$ 281,741**

During the three months ended March 31, 2021, the Company received total gross proceeds from option and royalty payments of $1,439,880 (2020 - $281,741). Of this amount, $733,821 (2020 - $117,383) were revenues from royalties and advance royalties stemming from the Company's royalty assets, and $276,100 (2020 - $107,610) were amounts received from optioned properties, which no longer have a carrying value in the condensed interim consolidated statement of financial position and are included as revenue in the condensed interim consolidated statements of loss and comprehensive loss. During the three months ended March 31, 2021, the Company included as a reduction of mineral properties a total of $429,959 (2020 - $56,748). These amounts relate to properties optioned, which still have a carrying value in the condensed interim consolidated statement of financial position, and as such are not included in the condensed interim consolidated statements of loss and comprehensive loss.

HIGHLIGHTS

Royalty Acquisitions

- On March 26, 2021, the Company entered into a binding term sheet to acquire an additional 25% interest in its Hog Ranch Property, which will increase the Company's net smelter return royalty ("NSR") from 1.5% to 2.25% and its interest in the leased mining claims to 75.1%. As consideration, the Company will pay US$275,000 and issue 1,000,000 warrants exercisable at $0.90 for a period of four years.

- On December 30, 2020, the Company completed the purchase of certain mineral interests and private fee ground in Elko County, Nevada (the "Mineral Interests"). All of the fee ground and the Mineral Interests are currently leased to Gold Standard Ventures Corp. ("GSV") and cover certain portions of GSV's Railroad-Pinion Project that is currently being developed as a heap-leach mining operation. The lease provides for a combined 0.436% NSR and annual lease payments to the Company of US$79,800. Ely Gold paid a total purchase price of US$1,300,000 in cash and issued 300,000 common share purchase warrants, each exercisable at a price of $1.15 until December 29, 2025.

- On December 23, 2020, the Company acquired a 0.3% gross royalty on 52 unpatented mining claims on the Battle Mountain-Eureka trend in Nevada from a private seller, for a total purchase price of US$325,000 in cash and 1,000,000 common share purchase warrants, each exercisable at a price of $1.36 until December 23, 2022.

- On December 4, 2020, Gold Resource Corporation exercised its royalty reduction option and the Isabella Pearl Royalty was reduced to 0.375% gross revenue royalty.

- On September 29, 2020, the Company agreed to purchase a 1% Watershed NSR from Sanatana Resources Inc. ("Sanatana"). Under the terms of the agreement, consideration for the acquisition will be $2,500,000 and 1,000,000 share purchase warrants. Each warrant is exercisable at a price of $1.31 for a period of five years. Completion of the royalty sale is subject to certain conditions, including receipt by Sanatana of a waiver from IAMGOLD Corporation ("IAMGOLD") for its right of first refusal ("ROFR"). The transaction closed December 8, 2020.

  Sanatana and the Company also signed a term sheet whereby Sanatana has agreed to i) assign its rights and interest in its purchase agreement with IAMGOLD (the "TAAC Agreement") to the Company for $10,000; and ii) the Company will participate for $500,000 in Sanatana common shares through a non-brokered private placement (the "Subscription"). The TAAC Agreement provides for the following deferred payments:

  i) $1,500,000 upon production decision by IAMGOLD on the Watershed property; and
  ii) $1,500,000 on the commencement of commercial production by IAMGOLD (collectively, the "Deferred Payments").

  On November 9, 2020, IAMGOLD notified Sanatana that it would waive its rights under the ROFR and would consent to the assignment of the TAAC Agreement, including the Deferred Payments, to Ely Gold. The royalty purchase, the assignment of the TAAC Agreement and the Subscription was expected to close by December 15, 2020.

- On August 11, 2020, the Company entered into a binding term sheet for the purchase of three NSR royalties from a prospector for US$350,000 cash (the "WR Royalty"). The WR Royalty package includes a 0.33% royalty on the Sleeper Mine, 1% royalty on 38 unpatented mining claims in Pershing County, Nevada, and a 1% royalty on 40 acres of free ground in White Pine County, Nevada. The transaction is subject to final documentation. This acquisition closed during the three months ended March 31, 2021.

  The Sleeper Gold Project is a former high-grade open pit gold producer located approximately 25 miles northwest of the town of Winnemucca, Nevada, producing 1.66 million ounces of gold and 2.3 million ounces of silver. Paramount Gold Nevada Corp. ("Paramount") acquired the Sleeper Mine in August 2010 and filed a NI 43-101 *Standards of Disclosure for Mineral Projects* technical report titled *Amended Preliminary Economic Assessment, Metal Mining Consultants, September 2017*. Highlights of the Sleeper Report include: low initial capital of $175 million for a 30,000 tonnes per day operation, estimated annual production of 102,000 ounces of gold and 105,000 ounces of silver.

  The WR Royalty covers 38 unpatented mining claims on the Lincoln Hill and Gold Ridge properties currently owned by Coeur Mining Inc. ("Coeur"). The Lincoln Hill property is adjacent to Coeur's Rochester Mine. The Company currently holds a 2% NSR on separate claims at Lincoln Hill where Coeur is currently undertaking development drilling. The Watershed claims are adjacent to the Company's 2% Lincoln Hill Royalty property.

- On December 31, 2020, the Company acquired an additional 1% NSR on the Lincoln Hill Property from a private individual. As consideration, the Company paid US$1,000,000 and issued 1,000,000 share purchase warrants.

- On August 26, 2020, the Company entered into an agreement with two individuals dealing at arm's length to purchase 0.4% of a 2% NSR on the Borden Lake Gold Mine (the "Borden Lake Royalty"). The Borden Lake Royalty is subject to a buy-down option pursuant to which Newmont Corporation ("Newmont") is entitled to buy it down from 2% to 1% for a one-time cash payment of $1,000,000. Under the present transaction terms, if the buy-down right is exercised, the entire reduction will be applied to the vendors' 1.6% Borden Lake Royalty interest and the Company's share will remain at 0.4%. In addition, the vendors have granted a ROFR to the Company with respect to any proposed sale by the vendors of their remaining 0.6% of the Borden Lake Royalty.

  As consideration for its 0.4% Borden Lake Royalty interest, the Company paid $300,000 in cash, issued 100,000 common shares and 80,000 of the Company's non-transferable common share purchase warrants, each exercisable to purchase one additional common share for a five-year term at an exercise price of $1.37. The Company also paid a finder's fee to an arm's length individual in the form of a $7,000 cash payment and 50,000 non-transferable warrants having the same terms as the consideration warrants issuable to vendors.

  The transactions closed on August 26, 2020. Subsequent to the closing, the Company and the Borden Lake Vendors, have filed a complaint against Newmont claiming that the area of interest provided in the Borden Lake Royalty should apply to claims currently being mined by Newmont. Newmont has denied the claims and the complaint is proceeding to arbitration.

- On May 15, 2020, the Company completed the acquisition of 100% of VEK for total consideration of US$5,000,000 and the issuance of 2,005,164 share purchase warrants exercisable at a price of $0.62 per share for a period of two years valued at $1,214,066 using the Black-Scholes option pricing model with the following assumptions: volatility of 91.78%, expected life of 2 years, discount rate of 0.30% and dividend rate of 0.0%.

  VEK owns 50% of the VEK/Andrus partnership, which holds five properties, all of which are currently leased. Four of the leases are with Nevada Gold Mines JV (Barrick 61.5%/Newmont 31.5%) and the other lease is with SSR Mining Inc. ("SSR Mining"). Four of the leases pay AMR payments and carry a 3% NSR royalty (50% to VEK) with no buy-downs. Details on the properties are as follows:

  - REN Property – currently leased to Nevada Gold Mines, consists of 86 contiguous unpatented lode mining claims located in the Northern Carlin trend. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US$458,712, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

  - Marigold Property – currently leased to SSR Mining, consists of 205 unpatented lode mining claims covering 7.8 square kilometres within the SSR Mining operation on the Battle Mountain-Eureka trend. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US$156,500, of which VEK received 50%. These payments will continue until production commences; at which time the lessor will be entitled to a 0.75% royalty.

  - Lone Tree Property – currently leased to Nevada Gold Mines, consists of 38 unpatented lode mining claims covering 3.2 square kilometres along the Battle Mountain-Eureka trend. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments. During 2019, VEK/Andrus received US$15,000, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

- Pinson Property – currently leased to Nevada Gold Mines, consists of 53 unpatented lode mining claims covering 4.4 square kilometres along the Osgood Mountain trend in sections 4, 8 and 16, Township 37N, Range 42E, in Humboldt County, Nevada. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019 VEK/Andrus received US$21,780, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

- Carlin Trend Property – currently leased to Nevada Gold Mines, consists of 84 unpatented lode mining claims covering 7 square kilometres along the Carlin trend in sections 1, 2, 3, 10, 11, 12, 20, 21, 28, 34 and 35, Townships 35N and 36N, Ranges 49E and 50, in Eureka County, Nevada. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US$43,560, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

- On May 12, 2020, the Company completed the purchase agreement with Eric Sprott ("Sprott") to acquire a 0.5% NSR on the gold producing Jerritt Canyon Mine facility, located in Elko, Nevada, and currently operated by Jerritt Canyon Gold LLC, a private Nevada limited liability company.

  As consideration, the Company issued 12,698,413 shares. In connection with its assistance with the transaction, the Company agreed to pay a finder's fee to Medalist Capital Ltd. comprising a cash fee of 1% of the transaction price, plus 300,000 Ely Gold share purchase warrants, each exercisable over a three-year term to purchase one Ely Gold share at an exercise price of $0.63. The exercise price was established on February 3, 2020, the closing price on the effective date of the purchase agreement. Royalty payments to the Company started accruing from the "Effective Date", as defined in the terms of the agreement as being February 3, 2020. Total revenues to March 31, 2021 related to this royalty are $252,340.

- On April 2, 2020, the Company closed an agreement to acquire a 3.5% net profit interest ("NPI") on the REN Property in Elko, Nevada, for total proceeds of US$500,000. The REN Property is part of the JV between Barrick and Newmont, forming Nevada Gold Mines.

- On February 29, 2020, the Company acquired a 15% NPI from Liberty Gold Corp. and its subsidiary, Pilot Gold USA Inc. The NPI entitles the Company to 15% of the net profits from the recovery and sale of minerals from certain unpatented claims located in Mineral County, Nevada, known as the Regent Hill Property. The interest also includes the possibility of bonus payments for each gold equivalent ("AuEq") ounce, from the Regent Hill Property placed on leach pads after the first 115,000 AuEq ounces. Quarterly bonus payments per AuEq ounce will be based on a pricing grid providing for payments coming into effect when the monthly average gold price per ounce for each applicable quarter are US$1,400 or more, commencing at US$5.775 per AuEq ounce and increasing to as much as US$29.05 per AuEq ounce if the monthly average exceeds US$1,800 per ounce. Under the terms of the agreement, the Company paid a cash consideration of US$800,000 and issued 2,000,000 share purchase warrants. Each warrant entitles the holder to purchase one common share of the Company for a period of two years at an exercise price of $0.43.

Exploration Property Acquisitions

- On February 24, 2021, the Company entered into an option agreement with Crestview Exploration Inc. ("Crestview") whereby Crestview can acquire a 100% interest of the Company's Cimarron property with the Company retaining a 2.5% NSR. As consideration, Crestview will pay a total of US$200,000.

- On January 26, 2021, the Company entered into an option agreement with Navy Resources ("Navy") whereby Navy will have the option to acquire a 100% interest in the Spanish Moon Project with Ely Gold retaining a 3% NSR. Total consideration will be US$750,000 and 750,000 common shares of Navy. Navy may reduce the 3% NSR to a 2% NSR for a one-time payment of US$1,000,000.

- On November 2, 2020, the Company entered into binding agreements with 12 separate individuals to purchase mineral interests in Elko, Nevada. The mineral interests are currently leased to GSV, which cover a certain portion of its Railroad-Pinion Project that is currently being developed as a heap-leach mining operation. The leases provide for a combined 1.15% NSR and annual lease payments of over $150,000. Eleven of the transactions were expected to close December 1, 2020 and one is subject to Exchange approval. As consideration, the Company will pay a total of US$2,509,543 for the first eleven transactions and US$1,300,000 and 300,000 warrants for the twelfth transaction.

- On October 8, 2020, the Company entered into an option agreement with Goldcliff Resources Corporation ("Goldcliff") whereby Goldcliff will have the option to acquire a 100% interest in the Aurora West Property. The Company will retain a 2% NSR. As consideration, Goldcliff will make two payments totaling US$185,000 over a two-year period to a third-party from which the Company is currently optioning the property, and at the time of these payments the Company will take possession of the property. Goldcliff will also pay the Company US$25,000 on closing of the agreement, US$200,000 on the fourth anniversary of closing and reimburse the Company US$9,039 for the 2020 claim fees.

- On April 1, 2020, the Company closed an agreement for the purchase of a 100% interest in 73 patented mining claims from Cliff ZZ LLC ("Cliff ZZ"), a Nevada limited liability company. The patented claims are located in Esmeralda and Nye counties, Nevada, and are known as the Tonopah Extension Claims. The Company currently holds 23 patented mining claims and 17 unpatented mining claims contiguous to the Tonopah Extension. Under the terms of the Agreement to acquire 100% of the Tonopah Extension, the Company paid Cliff ZZ US$650,000 in cash and issued 600,000 share purchase warrants. Each warrant will be exercisable into one common share at $0.65 for a period of two years.

  On April 1, 2020, the Company closed a purchase option agreement with (Blackrock Silver Corp (formerly Blackrock Gold Corp.) for the Company's Tonopah West Project, located in Nevada, for total proceeds of US$3,000,000 over a four-year period, with the Company retaining a 3% NSR. On closing, the Company received the first payment of US$325,000.

- On March 26, 2020, the Company closed an agreement to purchase eight unpatented mining claims in Eureka County, Nevada. The claims are currently leased to a subsidiary of McEwen Mining Inc. ("McEwen Mining") and the agreement includes an assignment of the leases to the Company. Under the terms of the agreement, the Company will purchase two HNT Claims and assume the corresponding lease and six JAM Claims and assume the corresponding lease. As consideration, the Company paid the seller US$125,000 at closing and will issue 100,000 share warrants to the seller. The warrants will expire two years from closing and each warrant will allow the seller to purchase one share of the Company's common stock at a price of $0.77. The annual lease payment covering the HNT Claims is US$5,000 and the annual lease payment covering the JAM Claims is US$7,000. Both leases provide for a 2% NSR at current gold prices.

- On May 22, 2020, the Company entered into an Option to Purchase Agreement with Great Western Mining Corporation Inc. ("Great Western"), a wholly owned subsidiary of Great Western Mining Corporation PLC, to acquire 48 unpatented lode mineral claims on the Olympic Gold Project located in Mineral County, Nevada, for total proceeds of US$150,000 payable over a four-year period. Great

Western becomes responsible for all lease costs associated with the property and is entitled to carry out a full exploration program with right of access to all historic data. Upon option exercise, the Company will retain a 3% NSR, which includes a $15,000 annual AMR payment.

Corporate Matters

- During the three months ended March 31, 2021, the Company issued 100,000 common shares on exercise of warrants for total proceeds of $43,000. Subsequent to March 31, 2021, the Company issued 200,000 common shares on exercise of warrants for total proceeds of $86,000.

- During the three months ended March 31, 2021, the Company issued 350,000 common shares on exercise of options for total proceeds of $21,000. Subsequent to March 31, 2021, the Company issued 470,000 common shares on exercise of options for total proceeds of $196,600.

- Effective May 18, 2021 Mr. Tom Wharton stepped down from the Board of Directors of the Company due to personal reasons.

- On May 21, 2020, the Company closed a brokered private placement offering of 21,562,500 units at a price of $0.80 per unit for gross proceeds of $17,250,000, including the full amount of the agents' over-allotment option. The offering was placed through a syndicate of agents (the "Syndicate") co-lead by Clarus Securities Inc. and Mackie Research Capital Corporation as joint bookrunners, and including PowerOne Capital Markets Limited (collectively, the "Agents").

  Each unit comprised one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at an exercise price of $1 for a period of three years from closing. The Company paid the Agents cash commissions and also issued compensation options to the Agents entitling them to purchase an aggregate 731,250 common shares at an exercise price of $0.80 per share for a period of three years from closing. At the Company's option, the original expiry date of the Warrants may be accelerated if the volume weighted average price of the common shares is greater than or equal to $1.60 for a period of five consecutive trading days. If the Company elects to accelerate the expiry date of the Warrants, holders of the Warrants will have 30 calendar days to exercise their Warrants after receiving notice via press release from the Company.

- On May 12, 2020, the Company announced that it qualified to trade on the OTCQX® Best Market. Ely Gold upgraded to OTCQX from the OTCQB® Venture Market. The Company began trading on this day on OTCQX under the symbol "ELYGF."

- During the year ended December 31, 2020, the Company issued 24,634,957 common shares on exercise of warrants for total proceeds of $6,857,638.

- During the year ended December 31, 2020, the Company issued 1,675,000 common shares on exercise of options for total proceeds of $384,000.

- On July 19, 2020, the Company granted incentive stock options to consultants of the Company entitling them to purchase 1,000,000 common shares at a price of $1.80 per share for a period of three years vesting 25% every three months from the date of grant and expiring July 19, 2023.

- On April 2, 2020, the Company granted incentive stock options to directors, consultants and an officer of the Company entitling them to purchase 1,500,000 common shares at a price of $0.68 per share for a period of five years vesting 100% on the grant date and expiring April 2, 2025.

- On March 19, 2020, the Company granted incentive stock options to consultants of the Company entitling them to purchase 900,000 common shares at a price of $0.57 per share for a period of two years vesting 25% every three months from the date of grant and expiring March 19, 2022.

- On November 29, 2019, the Company entered into an agreement with Sprott whereby Sprott will provide the Company with a $6,000,000 line of credit ("LOC"). The LOC is available to the Company, as and when required, until November 29, 2021. Principal outstanding under the LOC will bear interest at 10% per annum, with undrawn amounts of the LOC carrying a stand-by fee of 2.5% per annum, compounded monthly and payable quarterly. The LOC is secured by a registered security interest over all of the Company's assets, subordinate only to existing prior encumbrances.

- As at December 31, 2019, the Company had drawn $1,000,000, and during the first quarter of 2020 the Company drew the additional $5,000,000 for the purpose of purchasing VEK. On May 27, 2020, the Company repaid the full $6,000,000 promissory note related to the LOC from the proceeds raised in the private placement. The LOC continues to be available to the Company, as and when required, until November 29, 2021.

ELY GOLD ASSETS

KEY ASSETS

Key assets are producing or near-term producing royalties.

Project Name	2021 Est Payment	Operator	Current Status	Royalty
Isabella Pearl (Leased w/GRR)	$288,750	Fortituce Gold Corp.	Production	0.375
Jerritt Canyon (PTR)	$462,000	First Majestic Silver Corp.	Production	PTR
Jerritt Canyon (NSR)	$1,925,000	First Majestic Silver Corp.	Production	0.50%
Rawhide (NPI)	$750,000	Rawhide Mining LLC	2021 Production	15.00%
Fenelon (NSR)	None	Wallbridge Mining	2025 Production	2.00%
Lincoln Hill (NSR)	$40,000	Coeur Mining	2023 Production	2.00%
Marigold (Leased w/NSR)	$79,886	SSR Mining	2022 Production	0.75%
REN (Leased w/NSR)	$233,580	Nevada Gold Mines	Development	1.50%
REN NPI (Leased w/NPI)	None	Nevada Gold Mines	Development	3.50%
Hog Ranch (Leased w/NSR)	$40,000	REX Minerals Ltd.	Development	3.00%
Gold Rock (NSR)	None	Fiore Gold	2023 Production	0.50%
Railroad-Pinion (NSR)	$79,800	Gold Standard Ventures	Permitting	0.44%

DEVELOPMENT ASSETS

Development assets are royalties or properties that are at or near existing mines or projects in the permitting process for mine construction.

Project Name	Interest	2021 Est Payment	Current Optionor/Operator	2021 Status	Royalty
DEVELOPMENT ASSETS					
Isabella Extension (NSR)	100%	None	Fortitude Gold Corp.	Currently Drilling	2.50%
County Line (NSR)	100%	None	Fortitude Gold Corp.	Trenching	2.50%
Mina Gold (NSR)	100%	None	Fortitude Gold Corp.	Currently Drilling	3.00%
Silver Dyke (NSR)	100%	None	Fortitude Gold Corp.	Field Work	2.00%
Mt Hamilton (NSR)	100%	None	Waterton Global	Project for Sale	1.00%
Monte Cristo (NSR)	100%	None	Waterton Global	Project for Sale	1.00%
Rodeo Creek (Optioned w/NSR)	100%	$50,000	Premier Gold	Field Work	2.00%
War Eagle (Optioned w/NSR)	100%	$30,000	Integra Resources	Currently Drilling	1.00%
Pilot Mountain (Leased w/NSR)	100%	$40,000	Thor Mining	Currently Drilling	2.00%
Quartz Mountain (NSR)	100%	None	Alamos Gold	On Hold	0.25%
Lone Tree (Leased w/NSR)	50%	$7,500	Nevada Gold Mines	Resource Expansion	3.00%
Pinson (Leased w/NSR)	50%	$21,000	Nevada Gold Mines	Resource Expansion	3.00%
Carlin (Leased w/NSR)	50%	$10,800	Nevada Gold Mines	Resource Expansion	3.00%
Turquoise Ridge (NSR)	100%	None	Nevada Gold Mines	Resource Expansion	2.00%
Castle/Black Rock (Leased w/NSR)	100%	$25,000	Allegiant Gold	Resource Expansion	2.00%
Olinghouse NE (NSR)	100%	None	Lake Mountain Mining	Permitting	1.00%
French Gold Bar (Lease w/NSR)	100%	$12,000	McEwen Mining	Resource Expansion	2.00%
Scoonover Gold Bar (NSR)	100%	None	McEwen Mining	Field Work	1.00%
Gold Canyon (Under option)	100%	$150,000	McEwen Mining	Resource Expansion	2.00%
Gold Bar (NSR)	100%	None	McEwen Mining	Resource Expansion	2.00%
Gold Rock Extention (NSR)	100%	None	Fiore Gold	Currently Drilling	2.00%
Rosial (NSR)	100%	None	Coeur	Field Work	1.50%
WR Claims (NSR)	100%	None	Coeur	Field Work	1.00%
Sleeper (NSR)	100%	None	Paramount Gold	Field Work	0.33%
Borden Lake (NSR)	100%	None	Newmont	Field Work	0.40%
Watershed (NSR)	100%	None	IAMGOLD	Feasibility	1.00%
Trenton Canyon (GRR)	100%	None	SSR Mining	Currently Drilling	0.30%

EXPLORATION ASSETS

Project Name	Interest	2021 Est Payment	Current Optionor/Operator	2021 Status	Royalty
		Exploration Assets			
Aurora West (Optioned w/NSR)	100%	$0	Goldcliff Resources	Field Work	2.00%
Antelope Springs (NSR)	100%	$10,000	Americas Gold & Silver	Field Work	1.00%
Atlanta (NSR)	100%	$0	Meadow Bay Gold	Field Work	3.00%
Bald Peak (NSR)	100%	$25,000	Radius Gold	Permitting	3.00%
Barcelona (NSR)	100%	$0	Eminent Gold	Field Work	3.00%
Big 10 – Amsel (NSR)	100%	$0	VR Resources	Currently Drilling	2.00%
Big 10 – Danbo (NSR)	100%	$0	VR Resources	Currently Drilling	3.00%
BS (Optioned w/NSR)	100%	$6,000	Group 11	Field Work	2.00%
Butte Valley	100%	$50,000	Quaterra Resources	Field Work	2.00%
Castle West (NSR)	100%	$15,000	Bitterroot Resources	Field Work	3.00%
Clayton Ridge (Optioned w/NSR)	100%	$6,000	Group 11	Field Work	2.00%
Lantern (Optioned w/NSR)	100%	$6,000	Group 11	Field Work	2.00%
Liberty Springs (Optioned w/NSR)	100%	$6,000	Group 11	Field Work	2.00%
Questa Blanca (Optioned w/NSR)	100%	$6,000	Group 11	Field Work	2.00%
Frost (NSR)	100%	$50,000	Paramount Gold	Currently Drilling	2.00%
Gilbert South (Optioned w/NSR)	100%	$5,000	Orogen Royalties	Field Work	2.00%
Green Springs (NSR)	100%	$1,000	John Cox	Currently Drilling	0.50%
Green Springs (Optioned w/NSR)	100%	$50,000	Contact Gold	Currently Drilling	1.00%
Gutsy (NSR)	100%	$0	EMX Royalty	Field Work	0.50%
Hurricane (Optioned w/NSR)	100%	$25,000	Fremont Gold	Field Work	3.00%
Kismet (NSR)	100%	$0	EMX Royalty	Field Work	2.00%
Maggie Creek (NSR)	100%	$0	Orogen Royalties	Field Work	1.00%
Moho (Optioned w/NSR)	100%	$150,000	Pyramid Gold	Currently Drilling	2.50%
Monitor (Optioned w/NSR)	100%	$25,000	Orla Mining	Field Work	2.50%
Morgan Pass (Optioned w/NSR)	100%	$0	Wright Parks	Field Work	3.00%
Mt Wilson (NSR)	100%	$0	National Treasure	Field Work	3.00%
Musgrove Creek (NSR)	100%	$50,000	Eagle Mines	Field Work	2.00%
Mustang Canyon (NSR)	100%	$25,000	Premier Gold	Field Work	2.00%
Nevada Rand (Optioned w/NSR)	100%	$25,000	Goldcliff Resources	Currently Drilling	2.50%
New Boston (NSR)	100%	$0	VR Resources	Field Work	2.00%
North Carlin (NSR)	100%	$0	Fremont Gold	Field Work	2.00%
Olympic (Optioned w/NSR)	100%	$25,000	Great Western	Field Work	1.75%
Redlich Gold (Optioned w/NSR)	100%	$150,000	Pyramid Gold	Currently Drilling	2.50%
Scossa (NSR)	100%	$0	Romios Gold	Field Work	2.00%
Silver Dyke (NSR)	100%	$0	Gold Resource	Field Work	2.00%
St Elmo (Optioned w/NSR)	100%	$9,000	Assign Resources	Field Work	2.50%
Tonopah West (Optioned w/NSR)	100%	$325,000	Blackrock Silver	Currently Drilling	3.00%
Troy (NSR)	100%	$0	New Placer Dome	Field Work	1.00%
Tuscarora (NSR)	100%	$4,000	American Pacific	Currently Drilling	2.00%
Weepah (Optioned w/NSR)	100%	$100,000	Eminent Gold	Currently Drilling	2.00%
White Hill (Optioned w/NSR)	100%	$15,000	Exiro Resources	Field Work	3.00%
White Rock (Optioned w/NSR)	100%	$25,000	Provenance Gold	Field Work	2.00%

Refer to the Company's website for a current listing of the properties available for sale.

KEY ASSET UPDATES AND SELECT ACQUISITION INFORMATION

The Company has a portfolio of over 70 properties, which includes producing assets, development assets, exploration assets and properties sold under multi-year options. The Company also has a number of properties for sale.

Isabelle Pearl Royalty

The Company has a 0.75% Gross Revenue Royalty ("GGR") on the property. The property is operated by Fortitude Gold Corp. ("FTCO") and is located on Nevada's Walker Lane gold belt. Commercial production began October 2019. The GRR was purchased from a third-party in May 2019 for cash consideration of $300,000.

Total Ely Gold property sales to FTCO of US$1,500,000 have created the following royalty structure:

- 2.5% NSR on six miles of exploration ground at Isabella Pearl extension;
- 2.5% NSR at County Line;
- 2-3% NSR at Mina Gold; and
- 2% NSR on certain claims at East Camp Douglas, known as Silver Dyke.

Isabella Pearl contains Proven and Probable reserves estimated at 2,934,400 tonnes grading 2.28 grams per tonne ("g/t"), which equates to 214,800 gold ounces. Future production development anticipates two adjacent open pits with the Isabella pit averaging approximately 1 gram per tonne gold with mineral outcropping at the surface, and the Pearl pit averaging approximately 3.7 g/t gold with a higher-grade core averaging nearly 5 g/t gold. The project estimates an average 5:1 strip ratio with metallurgical tests estimating gold recoveries for crushed oxide rock of 81% and run of mine ore (ROM) of 60% using conventional heap leaching. Small amounts of silver are expected in recoveries, which would be treated as by-product credits against gold production costs.

Total revenues for the three months ended March 31, 2021 are US$59,939.

Jerritt Canyon Per ton Royalty and 0.5% NSR

On September 9, 2019, the Company acquired 100% of all rights and interests in a per ton royalty interest ("PTR Interest") on the Jerritt Canyon Processing Facilities from an arm's length third-party. The Jerritt Canyon Operations, located in Elko, Nevada, are operated by First Majestic Silver Corp., a Canadian publicly traded company. The Company paid US$650,000 with payments to be spread over three years and issuing 500,000 warrants. The mineral processing operation at Jerritt Canyon, the only gold processing plant in Nevada outside of the Barrick/Newmont JV, that uses roasting in its treatment of refractory ores. Jerritt Canyon is designed to process highly refractory gold ores up to 4,000 tons per day and, in 2017, processed in excess of 1.1 million tons and 1.2 million tons in 2018.

The per ton royalty payment is based on the average realized gold price ("ARGP"), which is derived by dividing total gold revenue during the previous month by gold ounces sold during the previous month. Royalties would be calculated, in US dollars, as:

i) US$0.15 per ton if the ARGP is less than or equal to US$1,300 per ounce;
ii) US$0.225 per ton if the ARGP is greater than US$1,300, but less than or equal to US$1,600 per ounce;
iii) US$0.30 per ton if the ARGP is greater than US$1,600, but less than or equal to US$2,000 per ounce; or
iv) US$0.40 per ton if the ARGP is greater than US$2,000 per ounce.

During the three months ended March 31, 2021, Ely Gold received US$75,030 in royalty payments from the PTR Interest.

On May 12, 2020, the Company completed the purchase agreement with Sprott to acquire a 0.5% NSR on the gold producing Jerritt Canyon Mine facility, located in Elko, Nevada, and currently operated by First Majestic Silver Corp., a Canadian publicly traded company. Total revenues for the three months ended March 31, 2021 are US$252,340.

Rawhide (NPI)

On February 29, 2020, the Company acquired a 15% NPI from Liberty Gold Corp. and its subsidiary, Pilot Gold USA Inc. The NPI covers the Regent Hill Property of the Rawhide Mine. The NPI entitles the Company to 15% of the net profits from the recovery and sale of minerals from certain unpatented claims located in Mineral County, Nevada, known as the Regent Hill Property. The interest also includes the possibility of bonus payments for each AuEq ounce, from the Regent Hill Property placed on leach pads after the first 115,000 AuEq ounces. Quarterly bonus payments per AuEq ounce will be based on a pricing grid, as detailed in the **Highlights** section of this MD&A.

Rawhide is a producing gold and silver open pit heap leach mine located along the Walker Lane Trend of western Nevada. The mine has operated continually since 1990, with total production of 1.7M ounces of gold and 14.4M ounces of silver to date. The project is owned by Coral Reef Capital, a private investment firm based in New York City.

The Rawhide mine is located approximately 50 miles from Fallon, Nevada, amidst multiple historic mines. These operations, including Comstock, Round Mountain, Borealis and Tonopah, produced more than 1M ounces of gold. Rawhide is a fully permitted open pit heap leaching operation currently producing gold and silver doré. Rawhide was formerly operated as a subsidiary of Kennecott Corporation prior to Coral Reef Capital partnering with the Rawhide mine management team to acquire the property from Rio Tinto Plc in 2010.

Devon Fenelon Royalty

On April 18, 2019, the Company acquired from Devon Canada Corporation 100% of all rights and interests in a 2% NSR on the Fenelon Mine Property (“Devon Fenelon Royalty”), operated by Wallbridge Mining Company Ltd. (“Wallbridge”) and located in west-central Québec, for cash consideration of $600,000. The Fenelon gold property lies along the Detour Gold Trend in northwestern Québec, proximal to the Sunday Lake Deformation Zone, which hosts the Detour Gold Mine and Balmoral Resources' gold deposits at Martiniere. Bulk sampling at Fenelon in 2019 produced an average grade of 18.49 g/t gold.

Wallbridge is exploring and developing Fenelon aggressively, completing a third bulk sample and 75,000 metres of drilling in 2019. Following its 2019 bulk sample, Wallbridge began pursuing production permitting activities, launching its Environmental and Social Impact Study along with beginning consultations with First Nations and surrounding communities.

The 33,233-tonne underground bulk sample of 2019 produced the following highlights:

- Established that the property could be mined at good grades using relatively low-cost bulk mining methods;
- Stope grades ranged from 10.94 to 38.33 g/t gold;
- 33,233 tonnes of ore with a reconciled average grade of 18.49 g/t gold containing 19,755 ounces of gold were processed at the Camflo Mill from the stopes in the bulk sample;
- 2,277 tonnes of low-grade ore left over from previous operators with a reconciled grade of 4.23 g/t gold were also processed;

- All gold was sold at average realized gold price of $1,727.55 per ounce;
- The permitting process for a second bulk sample is underway; and
- Submissions to the Québec government for full production permits for the Fenelon Main Gabbro Zones will begin shortly.

2020 Exploration

Five drill rigs are active at Fenelon. Four rigs are focusing on exploration drilling from surface, doing large-spaced step-outs to define the footprint of the Fenelon gold system. One underground drill rig is doing more closely spaced definition drilling of the Main Gabbro zones near the existing mine workings. The 2020 program will generally follow the 2019 aggressive drilling rate of approximately 9,000 metres per month for a total of 100,000 to 120,000 metres. The goals of this program are to 1) collect enough information to support a NI 43-101 maiden resource in Q1/2021, 2) establish >1M ounce underground resource, mostly indicated, 3) demonstrate open pit resource potential in Area 51, and 4) expand known footprint and depth to make new discoveries.

Lincoln Hill Royalty

On September 10, 2019, the Company acquired 100% of all rights and interests to a 1% NSR on the Lincoln Hill Property, operated by Coeur, for cash consideration of $750,000 and by issuing 500,000 common share purchase warrants entitling the holder to purchase one common share of the Company for a period of two years from the closing date at an exercise price of $0.18. The purchase agreement includes a ROFR if the seller disposes of an additional 1% NSR they currently hold.

According to Coeur, Lincoln Hill is projected to become a source of higher-grade, low-cost production capable of bolstering future cash flow and further extending Rochester’s mine life. Coeur reports Lincoln Hill’s average gold resource grade is more than four times higher than Rochester’s current grade. The Lincoln Hill royalty covers 97 unpatented claims and one patented lode claim. The land holding also includes 23 unpatented claims known as the Rosal Claims, on which Ely Gold currently holds a 1.5% NSR.

According to a preliminary economic assessment (PEA) published by previous owner Rye Patch Gold Corp. in October 2014, Lincoln Hill contains a measured and indicated oxide resource of 285,000 ounces of gold and 7.3 million ounces of silver in 23.4 million tonnes of ore. The resource includes an additional 74,000 ounces of gold and 2.2 million ounces of silver in inferred oxide resources.

Coeur is developing Lincoln Hill with the intent of bringing it into production in late 2022 or early 2023. According to Mitchell J. Krebs, President and Chief Executive Officer of Coeur, Lincoln Hill will provide higher-grade ounces near Rochester’s infrastructure, which should allow Coeur to "generate high returns, higher margins and strong cash flow with little incremental capital”.

Marigold Property

The Company acquired the Marigold Property as part of the VEK acquisition, the Marigold Property is currently leased to SSR Mining and consists of 205 unpatented lode mining claims covering 7.8 square kilometres within the SSR Mining operation on the Battle Mountain-Eureka trend. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US$156,500, of which VEK received 50%. These payments will continue until production commences, at which time the lessor will be entitled to a 0.75% royalty.

The Marigold Property is part of SSR Mining’s Marigold Mine. In production since 1989, the Marigold Mine is a large run-of-mine heap leach operation with multiple open pits, waste rock stockpiles, leach pads, and facilities for carbon absorption, carbon processing and gold refining.

Situated on the Battle Mountain-Eureka gold trend of east-central Nevada, the Marigold Property consists of 205 unpatented lode mining claims covering 7.8 square kilometres within the SSR Mining operation. SSR Mining has outlined three resources within the Marigold claims: 8N, 8D and 8 South Extension. In a NI 43-101 technical report on the Marigold Mine, dated December 31, 2017 and released July 31, 2018, SSR Mining highlighted drill results in the following areas within their current mine expansion exploration:

- 8D and 8N (aka H1): Drill hole MR6045 intersected 164.6 metres grading 1.67 g/t gold.
- 8 South Extension: Drill hole MR6034 intersected 91.4 metres grading 2.48 g/t gold.

A Qualified Person has not completed sufficient work to be able to verify SSR Mining's drill data.

Marigold produced 220,227 ounces of gold in 2019. Based on the Marigold updated life of mine plan announced on June 18, 2018, which projects out to 2027, the mine is expected to produce on average approximately 211,000 ounces of gold per year. The gold doré bars produced at the mine are shipped to a third-party refinery.

REN Property

The Company acquired the REN Property as part of the VEK acquisition, which is currently leased to Nevada Gold Mines. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US$458,712, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

The REN Property consists of 86 contiguous unpatented lode mining claims covering 7.4 square kilometres of the Northern Carlin Trend. REN is centered along the northern Carlin Trend and has gold mining operations surrounding the property. The Goldstrike and Meikle Mines are within two kilometres of the southern boundary of the property, the Bootstrap/South Arturo and the Dee mines wrap around the REN Property to the west and north. The REN Property is contiguous to the Banshee Mine within the Goldstrike Complex. At the Meikle, Goldstrike and Deep Post deposits, the Post fault is recognized as a potential control fault for high-grade gold mineralization within the northern Carlin Trend. Readers are cautioned that mineralization hosted on adjacent and/or nearby projects is not necessarily indicative of the mineralization hosted on the Company's properties. The Post fault, on the REN Property, has not been explored for 1.4 kilometres starting at the southern end of the property. With its orientation on the Post fault, REN has the potential to host a mineralized deposit within the Devonian-age Popovich limestone along the footwall of the Post fault.

REN NPI

The Company acquired a 3.5% NPI on the REN Property in Elko, Nevada, for total proceeds of US$500,000. The REN Property is part of the JV between Barrick and Newmont, forming Nevada Gold Mines.

REN, centered along the North Carlin Trend, is surrounded by operating gold mines. Within five kilometres of the property, this area of the Carlin Trend has produced or has an inventory of over 70 million ounces of gold.

The REN Property consists of 86 contiguous unpatented lode mining claims covering 7.4 square kilometres of the North Carlin Trend. The property has a long history of significant gold discoveries. The first deep, high-grade discovery hole (RU-24c) was drilled in 2000 and returned 42.7 metres of 34.6 g/t Au. This discovery led to an expansion of the surface drilling program. During the period 1999 to 2003, 65 drill holes/55,000 metres were completed.

Cameco, operating the property with Homestake, filed an NI 43-101 technical report in June 2004. The report defined an initial inferred resource of 1.9 million tonnes at 14.7 g/t Au in what is known as the JB Zone. The JB Zone is located at a depth from surface of 700 to 900 metres and is hosted in the same geological units as the gold deposits currently mined at the Meikle and Banshee mines immediately south of the REN Property.

Cameco spun out its gold properties in 2004 in an initial public offering for Centerra Gold. Centerra Gold continued definition drilling on the JB Zone until it sold its interest to Barrick in 2010. The property was eventually added to the JV between Barrick and Newmont to form Nevada Gold Mines.

The Goldstrike and Meikle mines lie within two kilometres of the southern boundary of the REN Property. The Bootstrap/South Arturo and Dee mines wrap around the REN Property on the west and north. REN is contiguous to the Banshee Mine property within the Goldstrike Complex.

Hog Ranch Project

The Hog Ranch Project, located in northwest Nevada 270 kilometres north of Reno, hosts a large epithermal gold system with both underground and surface mining potential. The project was acquired by Rex Minerals Ltd. ("Rex Minerals") in August 2019, and in May 2020, the Company reported a new resource estimate of 1.4M ounces Au.

Hog Ranch is comprised of 347 unpatented mining claims on federal land for a total area of approximately 2,800 hectares (6,919 acres). Hog Ranch contains both oxide and sulphide mineralization. The oxide horizon makes up the majority (approximately 93%) of the mineral resource. Rex Minerals is exploring two key targets at Hog Ranch: Krista, and the current focus, Bells.

Gold was first discovered at Hog Ranch in 1980 as part of a JV between Noranda Mining & Exploration Inc. and Ferret Exploration. Exploration and economic analysis by Ferret Exploration, a consortium made up of Western Goldfields Inc., GeoMax and Royal Resources, began mining in 1986 via open pit and heap leach method.

At the end of 1992, the gold price had fallen to US$333 per ounce and mining was terminated. In August 2019, Rex Minerals purchased a 100% interest in Hog Ranch via its purchase of the private company Hog Ranch Group, which in turn has 100% ownership of Hog Ranch Minerals Inc.

Subsequent exploration by Rex Minerals has increased the Maiden Mineral Resource reported in September 2019 by 69%.

On March 26, 2021, the Company entered into a binding term sheet to acquire an additional 25% interest in its Hog Ranch Property, which will increase the Company's NSR from 1.5% to 2.25% and its interest in the leased mining claims to 75.1%. As consideration, the Company will pay US$275,000 and issue 1,000,000 share purchase warrants.

Gold Rock Project

The Company has a 0.50% NSR. The Gold Rock Project consists of a 20,300-hectare contiguous land package on the Battle Mountain-Eureka Gold Trend. The project is anchored by the former Easy Junior Mine, which reportedly produced approximately 2.6 million tonnes at a grade of 0.89 g/t for 74,945 gold ounces in the early 1990s.

Located only eight miles southeast of Fiore Gold's Pan Mine, Gold Rock is located at the southeast end of the Battle Mountain-Eureka Gold Trend. This renowned belt represents a northwest alignment of a number of historical and currently producing Carlin-style gold deposits that have produced in excess of 23 million ounces of gold and contain more than 35 million ounces of gold in reserves and in combined measured and indicated mineral resources. Gold grades at Gold Rock are 30% higher than the Pan Mine.

The mineralization at Gold Rock is hosted by the folded and faulted Joanna Limestone Formation, where the historical resource covers only about 3 kilometres of a >13 kilometres long belt. This belt contains the same folded and faulted Joanna Formation, displaying strong Carlin-style alteration and coincident gold and pathfinder element anomalies throughout its strike length. This area is considered highly prospective for additional discoveries. At least nine distinct targets defined by Carlin-type structure, geochemistry and alteration have been located by surface sampling and mapping, with drilling on three of the targets currently underway. Federal mine permitting was completed in 2018. Production is expected to commence in 2023.

Railroad-Pinion

The Railroad-Pinion Project is an advanced stage gold project with a favorable structural, geological and stratigraphic setting situated at the southeast end of the Carlin Trend of north-central Nevada, adjacent to and south of Nevada Gold Mines' Rain Mining District.

On February 18, 2019, GSV announced an updated Pre-Feasibility Study ("PFS") for The South Railroad portion of the Railroad-Pinion project consisting of the Dark Star deposit and the Pinion deposit. Key highlights of the updated base case south Railroad PFS include:

- Pre-tax net present value ("NPV") of $331.4M at a 5% discount rate and an after tax NPV of $265.0M at a $1,400 gold price and a $17.11 silver price, with a mineral reserve pit designs based on a gold price of $1,250 per ounce and a silver price of $15.30 per ounce.
- Proven and probable mineral reserves of 1.246 million ounces of gold and 2.705 million ounces of silver.
- Average annual gold placement of 156,000 ounces of gold per year over an initial 8-year mine life.
- Average life of mine cash cost of $582 per ounce after by-product credit, and all in sustaining costs of $707 per ounce. Initial capital expenditures of $132.9M.

RESULTS OF OPERATIONS

Three months ended March 31, 2021, compared to the three months ended March 31, 2020

The Company recorded net loss of $233,935 ($0.00 per common share) for the three months ended March 31, 2021 compared to $1,612,612 ($0.02 per common share) during the three months ended March 31, 2020, a change of $1,378,677, as explained in the following paragraphs.

- Royalty income increased to $733,821 (2020 - $117,383), as the Company commenced receiving royalty revenues from its royalty assets.

- Option proceeds increased by $168,490 from $107,610 to $276,100. During the current quarter, the Company continues to receive cash payments relating to its mineral properties that have been optioned to third parties.

- Amortization of royalty assets of $679,862 (2020 - $45,783), an increase of $634,079. The increase is a result of the Company starting to amortize its revenue-generating royalty assets.

- Management fees decreased from $122,824 to $106,351. The $16,473 decrease is mostly due to foreign exchange fluctuation.

- Consulting fees were $104,636 higher in the current quarter ($148,621) when compared to the comparative year ($43,985). The increase is due to contracting new consultants in the current quarter when compared to the prior quarter.

- Professional fees were $49,755 lower in the current quarter ($67,017) when compared to the prior quarter ($116,772). The decrease is mainly due to higher legal expenses in 2020 in connection with various transactions and contracts entered into by the Company at the end of 2019 and beginning of 2020.

- Travel and promotion expenses were $170,146 lower in the current quarter ($98,370) when compared to the prior quarter ($268,516). Reduction is due to less traveling and conferences due to the pandemic.

- The change in fair value of marketable securities was a change of $724,829 in the current quarter from a loss of $607,439 in 2020 to a gain of $117,390 in the current quarter, which is related to market fluctuations of the marketable securities held by the Company at each quarter-end date.

- Gain arising from foreign exchange was a change of $39,143. In the current quarter, there was a gain of $98,765 when compared to the prior quarter, which was $137,908. The fluctuation is attributable to the fact that the Company holds cash balances of US dollars and a portion of its marketable securities are US-listed securities.

- Share-based payments was a recovery of $145,603 compared to an expense of $129,529 in the comparative quarter, a change of $272,132, the recovery is due to the reduction in the Company's share price in the last couple of quarters, which resulted in a lower valuation to unvested options to consultants, while in the comparative period the expense was mainly amortization of unvested options.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected information from the Company's unaudited consolidated financial statements, prepared in accordance with IFRS, for the last eight quarters.

Quarter ended		Revenue $	Gain (loss) before other income and expenses $	Total income (loss) $	Basic and diluted earnings (loss) per common share $
Q1/21	March 31, 2021	1,009,921	(75,821)	(233,935)	(0.00)
Q4/20	December 31, 2020	1,216,613	(1,101,620)	(2,063,728)	(0.01)
Q3/20	September 30, 2020	758,423	(1,115,900)	(1,685,261)	(0.01)
Q2/20	June 30, 2020	1,149,421	(2,267,841)	(2,287,060)	(0.02)
Q1/20	March 31, 2020	224,993	(635,132)	(1,612,612)	(0.02)
Q4/19	December 31, 2019	479,515	(484,557)	(333,721)	(0.00)
Q3/19	September 30, 2019	377,141	(1,216,752)	(1,383,593)	(0.01)
Q2/19	June 30, 2019	1,120,734	565,566	466,266	0.01

Variations in the Company's net income and loss for the periods above resulted primarily from the following factors:

- The Company continues to increase its revenues. Revenues in the second and fourth quarters of 2020 were the highest, as royalty assets acquired in 2019 and 2020 started to generate revenue. This is as a result of royalty streams from producing mines, namely the Jerritt Canyon and Isabella royalties. The Company has also received AMR payments from other royalties and leases. In addition, the Company continues to receive option payments pursuant to various optioned properties. Revenues of the Company in the last eight quarters consisted of revenues from option payments received, royalties from producing properties and gain on sale of properties. During the quarter ended June 30, 2019, revenues included gain on sale of property of $918,415, resulting in higher total revenues in that quarter.

- Net loss in Q1/21 of $233,935 includes non-cash expenses, such as amortization of royalty assets of $679,862, accretion of deferred charges of $404,298, a recovery of share-based payments of $145,603 and an unrealized gain of marketable securities of $117,390. Excluding these non-cash items, the Company had a cash profit of $587,232 during the quarter.

- Net loss in Q4/20 of $2,063,728 includes various non-cash items, including amortization of royalty assets of $863,930, share-based payments of $285,914, accretion of deferred charges of $410,288 and a decline in fair value of marketable securities of $133,938. All these expenses have been new in the current year as a result of the Company's growth. This quarter also includes management fees of $692,727, which includes management bonuses. All these expenses have resulted in higher losses in the current quarter.

- Net loss in Q3/20 of $1,685,261 includes various non-cash items, including amortization of royalty assets of $613,781, share-based payments of $448,987, accretion of deferred charges of $413,283 and a decline in fair value of marketable securities of $133,938. All these expenses have been new in the current year as a result of the Company's growth, which has resulted in higher losses in all three quarters in the current year.

- Net loss for Q2/20 was significantly higher than previous periods mostly due to a share-based compensation charge of $1,559,017 resulting from the valuation of options granted to officers, directors and consultants. Other non-cash significant expenditures incurred during the period were amortization of royalty assets of $382,895 and accretion of deferred charges of $408,790, which derived from the issuance of warrants related to the LOC. Other significant expenditures include legal fees incurred in connection with various transactions entered into during the period, which are included in professional fees of $359,760, and promotion expenses incurred to promote the Company, which are included in travel and promotion of $359,760, and management fees of $484,442, which include management bonuses paid to key management during this quarter.

- Net loss from operations for Q3/19 was significantly higher than in previous periods, as a result of the Company issuing options to its management and consultants, which resulted in an expense of $544,406. In addition, it also paid management bonuses, which in prior years were paid in an earlier quarter. The Company's professional fees and travel expenses increased significantly, as the Company continued its efforts to acquire new properties with the potential to generate revenues and option out its own properties while retaining an NSR. The Company's exploration costs are normally high in Q3 each year, as it is required to make its Bureau of Land Management ("BLM") payments in July, which combined with the above expenditures resulted in significantly higher expenditures in Q3/19 than in previous quarters.

- Exploration and evaluation expenses vary from year to year, as the work required in its acquired properties will require different levels of investigation and exploration for the Company to option out or sell. BLM payments to keep the properties in good standing are normally required in Q3 each year, which results in higher expenditures incurred each Q3.

- Overall, travel and promotion expenses have decreased over the last few quarters due to the pandemic; however, Ely Gold continues its efforts to promote the Company and its properties.

- Professional fees have been significant over the last couple of years, as the Company has become more active in entering into transactions to acquire new properties, as well as option out its existing properties and retaining NSRs.

- The Company holds marketable securities, which it acquired as option payments on the sale of certain of its mineral properties. The market value of these shares will fluctuate and, as a result, unrealized gains and losses will be reflected in the Company's condensed interim consolidated financial statements. The markets have been fairly volatile in the last couple of years, which has resulted in significant changes in market value of the Company's marketable securities. During the quarter ended March 31, 2020, market declined significantly resulting in a significant unrealized loss for the period; however, markets recovered during the quarter ended March 31, 2021 resulting in an unrealized recovery for the current period.

- Exchange gains and losses vary from period to period, as a result of fluctuations of the exchange rate in the US dollar. The functional currency of the Company's subsidiary is the US dollar and, as exchange rates fluctuate, the Company's revenues and financial position will fluctuate as well. The Company also holds funds in US dollars, which will result in gains and losses on exchange. During 2019, the US dollar increased, which resulted in significant exchange gains in 2019. During the period ended March 31, 2021, the US dollar decreased where it reached an exchange of 1.23 Canadian dollars to 1 US dollar and ended at a rate of 1.66 at period-end while rates were as high as 1.4 during 2020. This has resulted in revenues that are earned in US dollars being lower when reported in Canadian dollars, as compared to prior periods.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Company had cash and cash equivalents of $6,736,410 and a consolidated working capital of $8,141,402. The Company has sufficient cash and cash equivalents to fund its operations for the next twelve months.

The Company's cash and cash equivalents are highly liquid and held at major Canadian and US financial institutions.

	Increase (decrease) in cash and cash equivalents for the three months ended March 31,	
	2021	**2020**
Operating activities	$ (288,937)	$ (951,772)
Investing activities	(177,088)	(1,242,251)
Financing activities	(141,011)	8,658,647
Effect on cash and cash equivalents of foreign exchange	(38,338)	314,668
Total change in cash	(645,374)	6,779,292
Cash and cash equivalents, beginning of period	7,381,784	2,973,520
Cash and cash equivalents, end of period	$ 6,736,410	$ 9,752,812

Operating Activities

During the three months ended March 31, 2021, the Company had a net loss of $233,935 (2020 - $1,612,612), which includes revenues of $1,009,921 (2020 - $224,993), as well as non-cash recovery of share-based compensation of $145,603 (2020 - expense of $126,529), accretion expense of deferred charges of $404,298 (2020 - $408,790) and amortization of royalty assets of $679,862 (2020 - $45,783). During the current quarter, the Company also paid $431,057 related to the 2020 accrued bonuses.

Investing Activities

The Company incurred a total of $783,343 (2020 - $1,298,999) for acquisition of royalty assets and mining properties, including US$275,000 for the acquisition of the additional NSR on the Hog Ranch property and $350,000 for the acquisition of three royalties from Nevada prospector Ken Snyder. The Company also received US$325,000 as option payment for the Cliff ZZ claims option agreement, as well as other smaller option payments received. The Company also received proceeds of $342,220 on the sale of Gold Resources Corporation shares and paid $167,708 on the acquisition of Fortitude Gold Corp. shares.

Financing Activities

The Company paid $190,980 related to the deferred royalty obligation on the Trenton acquisition and received $64,000 on exercise of options and warrants.

TRANSACTIONS WITH RELATED PARTIES

Key management comprises directors and executive officers. The Company did not pay post-employment benefits and long-term benefits to key management. The following compensation was paid to key management:

	For the three months ended March 31	
	2021	2020
Management fees	$ 106,351	$ 122,824
Share-based payments	-	1,246
Total	$ 106,351	$ 124,070

As at March 31, 2021, $nil (December 31, 2020 - $569,654) is owing to directors and officers of the Company, which is included in accounts payable and accrued liabilities.

During the three months ended March 31, 2021, the Company incurred $47,314 (2020 - $49,412) of consulting expense from Pilot Point Partners LLP, a company owned by the CEO of the Company.

During the three months ended March 31, 2021, the Company incurred $7,570 (2020 - $7,956) of consulting expense from Tom Wharton, a director of the Company.

During the three months ended March 31, 2021, the Company incurred $15,000 (2020 - $15,000) of consulting expenses from a director and 0713708 B.C. Ltd., a company owned by a director of the Company.

All other amounts due to related parties are payable on demand. Interest is not charged on outstanding balances.

The Company has in place termination clause agreements with three of the Company's officers and directors, whereby the officers and directors are entitled to a cumulative amount of $736,500 in the event they are terminated without cause, or $3,007,500 in the event there is a change of control.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

As of May 27, 2021, there were 162,271,799 common shares issued and outstanding, in addition to other securities convertible into common shares, as summarized in the following table:

	Number Outstanding as of	
	May 27, 2021	March 31, 2021
Common shares issued and outstanding	162,271,799	161,401,799
Options [(1)]	8,655,000	9,625,000
Warrants [(1)]	31,223,576	31,623,576
Fully diluted common shares	202,150,375	202,650,375

Notes:

(1) Subsequent to March 31, 2021:

a. 400,000 common shares were issued on exercise of share purchase warrants for total proceeds of $172,000; and
b. 470,000 common shares were issued on exercise of stock options for total proceeds of $196,600.
c. 500,000 Options were cancelled

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than previously disclosed, the Company has no proposed transactions.

CONTRACTUAL OBLIGATIONS

The Company has no commitments, material capital lease agreements and no material long-term obligations other than what has been previously stated in this MD&A.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and has not commenced commercial operations. The Company has no assets other than cash and cash equivalents and mineral property agreements under option. It has no history of earnings, and it is not expected to generate earnings or pay dividends in the foreseeable future.

Precious and Base Metal Price Fluctuations

The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company, such as the level of interest rates, the rate of inflation, central bank transactions, world supply of precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

Fluctuations in the Price of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents, fluctuate affecting the costs of exploration in our operational areas. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects.

Foreign Exchange Rate Fluctuations

Operations may be subject to foreign currency exchange fluctuations. The Company to date has raised its funds through equity issuances, which are priced in Canadian dollars. DHI US operates in the United States and incurs exploration and administration expenditures denominated in US dollars. As a result, the Company may suffer losses due to adverse foreign currency fluctuations.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well-established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Operating Hazards and Risks

Exploration activities may generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third-party accidents, unusual or unexpected geological structures or formations, fires, power outages, labor disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labor and other risks involved in the normal course of exploration activities.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, delayed production and resultant losses, increased production costs, asset write-downs, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage, and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all.

Exploration and Development

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body resulting in a royalty that provides future income.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

The economics of developing silver, gold and other mineral properties are affected by many factors, including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors that are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals, and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

Business Strategy

As part of the Company's business strategy, it has sought and will continue to seek new royalty opportunities, as well as properties with exploration and development opportunities with the potential to generate royalties. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favorable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favorable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Environmental Factors

All phases of the Company's operations are subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

Title to Mineral Property Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests, and therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers, or native land claims, and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Uncertainty of Funding

The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing, or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Agreements with Other Parties

The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in situations of conflict of interest, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Third-party Reliance

The Company's rights to acquire interests in certain mineral properties may have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Assurance on Financial Statements

We prepare our financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to our consolidated financial statements for the years ended December 31, 2020 and 2019. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. We have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and consolidated financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

General Economic Conditions

The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including, but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates may adversely affect the Company's growth and profitability.

Substantial Volatility of Share Price

In recent years, the securities markets have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations, as reflected in its quarterly financial reports.

Potential Dilution of Present and Prospective Shareholdings

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

Coronavirus Pandemic

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity, and the ability to explore the Company's properties. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations. The situation is dynamic and changing day to day. The Company is exploring several options to deal with any repercussions that may occur as a result of the COVID-19 outbreak.

SIGNIFICANT ACCOUNTING POLICIES

The Company's condensed interim consolidated financial statements have been prepared using accounting policies, judgments and estimates consistent with those used in the consolidated financial statements for the years ended December 31, 2020 and 2019. Refer to the audited consolidated financial statements for the years ended December 31, 2020 and 2019 for additional information.

New Accounting Standards Issued but not yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. The Company has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The carrying values of cash and cash equivalents and marketable securities have been based on quoted market prices, a Level 1 measurement according to the fair value hierarchy. The carrying values of accounts payable and accrued liabilities approximate fair values due to the short term to maturity of these financial instruments. The carrying value of note payable approximates fair value, as the note bears market interest rate.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by placing its cash balances at major Canadian and American financial institutions.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held at major Canadian and American financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2021	December 31, 2020
Cash and cash equivalents	$ 6,736,410	$ 7,381,784
Receivables	320,487	338,345
	$ 7,056,897	$ 7,720,129

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2021, the Company has cash and cash equivalents of $6,736,410 (December 31, 2020 - $7,381,784) and current liabilities of $388,138 (December 31, 2020 - $1,332,056).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

Due Date	March 31, 2021	December 31, 2020
0 – 90 days	$ 145,413	$ 1,072,506
90 – 365 days	245,991	256,116
More than 1 year	107,169	138,378
	$ 498,573	$ 1,467,000

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and equity price risk.

(i) Interest rate risk

Interest rate risk consists of three components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

(c) Fluctuations in the interest rates impact the value of cash equivalents. As at March 31, 2021, the impact of interest rates on the Company is not deemed significant. The Company's other liabilities are not exposed to interest rate risk, as they are carried at amortized cost.

(ii) Foreign currency risk

The Company incurs expenditures in Canada and the US. Foreign currency risk arises as the amount of the US dollar cash, intercompany balances and payables will vary in Canadian dollar terms due to changes in exchange rates.

As at March 31, 2021 and December 31, 2020, the Company has not hedged its exposure to currency fluctuations.

At March 31, 2021 and December 31, 2020, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

		March 31, 2020		December 31, 2020
Cash and cash equivalents	US$	3,033,317	US$	2,830,820
Receivables		254,860		265,744
Accounts payable and accrued liabilities		(285,940)		(582,132)
Net	US$	3,002,237	US$	2,514,432
Canadian dollar equivalent	$	3,775,313	$	3,201,375

Based on the above net exposures as at March 31, 2021, a 5% change in the Canadian/US exchange rate would impact the Company's income (loss) and comprehensive income (loss) by approximately $189,000 (2020 - $160,000).

(iii) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's marketable securities consisting of common shares are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held.

Based on the marketable securities held as at March 31, 2021, a 10% change in the market price of these securities would impact the Company's income (loss) and comprehensive income (loss) by approximately $100,500 (2020 - $83,000).

(iv) Fair value hierarchy

The following tables summarize the Company's financial instruments under the fair value hierarchy as at March 31, 2021 and December 31, 2020:

March 31, 2021	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 6,736,410	$ -	$ -	$ 6,736,410
Marketable securities	$ 1,402,535	$ -	$ -	$ 1,402,535
Receivables	$ 331,851	$ -	$ -	$ 331,851
Accounts payable and accrued liabilities	$ 133,160	$ -	$ -	$ 133,160
Lease obligation	$ -	$ 85,524	$ -	$ 85,524
Obligation under royalty acquisition	$ -	$ 275,790	$ -	$ 275,790

December 31, 2020	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 7,381,784	$ -	$ -	$ 7,381,784
Marketable securities	$ 1,192,572	$ -	$ -	$ 1,192,572
Receivables	$ 348,881	$ -	$ -	$ 348,881
Accounts payable and accrued liabilities	$ 902,699	$ -	$ -	$ 902,699
Lease obligation	$ -	$ 97,977	$ -	$ 97,977
Obligation under royalty acquisition	$ -	$ 394,789	$ -	$ 394,789

Additional information related to the Company is found on SEDAR at www.sedar.com.