

**VENDETTA MINING CORP.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**For the years ended May 31, 2020 and 2019**

**Containing information up to and including September 24, 2020**

**Form 51-102F1**  
**Management's Discussion and Analysis**  
**For**  
**Vendetta Mining Corp. ("Vendetta" or "the Company")**

**CONTAINING INFORMATION UP TO AND INCLUDING SEPTEMBER 24, 2020**

**NOTICE**

Management Discussion and Analysis ("MD&A") is intended to help the reader understand Vendetta Mining Corp. (the "Company" or "Vendetta") financial statements. The information provided herein should be read in conjunction with the audited financial statements for the years ended May 31, 2020 and 2019. The following comments may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond management control.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review Company statutory filings on [www.sedar.com](http://www.sedar.com) and to review general information.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

**CAUTION REGARDING FORWARD LOOKING INFORMATION**

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties;
- the timing of decisions regarding the strategy and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the timing and cost of planned exploration programs of the Company, and the timing of the receipt of results there from;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, including long-term debt, and to be able to raise the necessary funds to continue operations;
- the timing and pricing of proposed financings if applicable;
- the anticipated completion of financings;
- the anticipated receipt of regulatory approval/acceptance of financings;

- the anticipated use of the proceeds from the financings;
- the potential to verify and potentially expand upon the historical resources;
- the potential for the expansion of the known mineralized zones; and
- the potential for the amenability of mineralization to respond to proven technologies and methods for recovery of ore.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to negotiate successfully for the acquisition of interests in mineral properties, the determination of applicable governmental agencies not to issue the exploration concessions applied for by the Company or excessive delay by the applicable governmental agencies in connection with any such issuances, the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the prices for precious metals;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs;
- conditions in the financial markets generally, and with respect to the prospects for junior exploration gold and precious metal companies specifically;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favorable terms;
- the Company's ability to attract and retain key staff, and to retain consultants to provide the specialized information and skills involved in understanding the precious metal exploration, mining, processing and marketing businesses;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with government agencies and regulators and its underlying property vendors/options; and
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

## **SCIENTIFIC AND TECHNICAL DISCLOSURE**

Mr. Peter Voulgaris, MAusIMM, MAIG, a Director of Vendetta, is a non-independent Qualified Person ("QP"), for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") has reviewed and validated that the scientific or technical information ("Technical Information") contained in this MD&A related to the Pegmont Mineral Resource Estimate is consistent with that provided by the independent QPs responsible for the Technical Report Pegmont Mineral Resource Estimate, and has verified the technical data disclosed in this document relating to Pegmont. Mr. Voulgaris has also reviewed and validated that the Technical Information contained in this MD&A related to Pegmont post the effective date of the Technical Report is accurate. Mr. Voulgaris has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

Unless otherwise indicated, the Company has prepared the Technical Information in this MD&A based on information contained in the following sources ("Disclosure Documents") available under Vendetta's company profile on SEDAR at [www.sedar.com](http://www.sedar.com):

- "Technical Report Pegmont Property Mineral Resource Estimate" AMC Mining Consultants (Canada) Ltd., effective date of 28 February 2014;
- "Pegmont Resource Update June 2017" AMC Mining Consultants (Canada) Ltd., effective date of June 22, 2017;
- "Pegmont Project Mineral Resource Update and Preliminary Economic Assessment" AMC Mining Consultants (Canada) Ltd., available by March 14, 2019; and
- Company news releases.

Readers are encouraged to review the full text of the Disclosure Documents qualifying the Technical Information.

Mineral resource estimates relating to Pegmont are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited.

## **OVERALL PERFORMANCE**

Vendetta is an exploration stage company involved in the acquisition and exploration of mineral properties in Australia. The Company does not have any producing mineral properties at this time. The Company is a reporting issuer and trades on the TSX Venture Exchange under the symbol VTT.

Highlights of the Company's activities for the year ended May 31, 2020 and subsequent period to September 24, 2020 are:

- a) On June 3, 2019, the Company completed a non-brokered private placement of 5,772,500 units at a price of \$0.10 per unit for gross proceeds of \$577,250, of which the Company has received \$557,250. Each unit was comprised of one common share and one-half share purchase warrant, each whole warrant exercisable into one additional common share at a price of \$0.15 per share for a period of two years. In connection with the private placement, the Company paid finders fees of \$17,600.

- b) On July 30, 2019, the Company completed the first tranche of a non-brokered private placement, consisting of 11,533,332 units at a price of \$0.09 per unit for gross proceeds of \$1,038,000. Each unit was comprised of one common share and one share purchase warrant, each warrant exercisable into one additional common share at a price of \$0.13 per share for a period of three years. In connection with the private placement, the Company paid finders fees of \$3,600.
- c) On August 31, 2019, the Company entered into an amendment of the Nebari Loan, where previously 100% of the interest accrued to June 30, 2019 and 50% of the interest accrued to September 30, 2019 that could be paid in-kind is now required to be paid in cash, and the multiplier percentage used in the calculation of the repayment bonus is increased from 20% to 30%. The Company completed interest payments of US\$55,406 on September 30, 2019, US\$55,016 on December 31, 2019, and US\$54,404 on March 31, 2020.
- d) On November 30, 2019, the Company entered into a second amendment of the Nebari Loan, where the previous working capital deficit covenant of \$100,000 was amended; pursuant to the amendment, the Company must maintain, at the end of each calendar quarter, an adjusted working capital deficit (defined per the amendment as: current assets minus current liabilities, plus the current portion of long-term debt, minus the quarterly principal payment due on April 30, 2020 multiplied by four) of no more than \$100,000. In addition, Nebari also agreed to waive the Company's compliance with the adjusted working capital deficit covenant through January 31, 2020 provided certain conditions are met. The Company is actively monitoring and working with Nebari to address its working capital provisions.
- e) On January 27, 2020, the Company announced that it had entered into a share subscription facility ("SSF") agreement with Scharfe Holdings Inc. for a term of 12 months, renewable for an additional 12 months at the same terms for an additional \$500,000. Under the terms of the SSF, the Company may send an obligatory drawdown notice to Scharfe specifying the number of units to be subscribed by Scharfe. Each unit will consist of one common share and one common share purchase warrant. Each warrant will be exercisable at a price equal to a 30% premium to the price of the units issued, for a period of three years. The subscription price per unit will be equal to the higher of a 10% discount on the average closing price of the Company on the TSX-V for 10 consecutive trading days prior to the closing date of the drawdown, or the lowest allowable per unit price under TSX-V policies. The drawdown process may be repeated as many times as the Company desires during the term of the agreement until the maximum subscription amount of \$500,000 has been subscribed by Scharfe. Shares to be subscribed by Scharfe will be provided through a share lending facility by Octavian Capital Corp. and Elysium Mining Ltd., private companies respectively controlled by Michael Williams and Peter Voulgaris, directors of the Company.
- f) On April 14, 2020, the Company cancelled all outstanding stock options.
- g) On May 5, 2020, the Company completed a non-brokered private placement by issuing 13,962,050 units at a price of \$0.04 per Unit for gross proceeds of \$558,482. Each Unit was comprised of one common share and one share purchase warrant, each warrant exercisable into one additional common share at a price of \$0.06 per share for a period of three years. In connection with the private placement, the Company paid finders fees of \$15,139 and incurred other share issuance costs of \$20,540.
- h) On July 2, 2020, the Company closed a non-brokered private placement by issuing 6,326,138 units (each, a "Unit") at a price of \$0.04 per Unit for gross proceeds of \$253,046, of which, \$5,000 had been received as at May 31, 2020. Each unit comprises of one common share and one common share purchase warrant, exercisable at a price of \$0.06 for a period of three years. The Company paid finders' fees of \$5,040 in connection with the offering.

- i) On August 12, 2020, the Company announced that it has been awarded an A\$200,000 grant under the Queensland Government's Collaborative Exploration Initiative ("CEI") to test a conceptual exploration target, the Pegmont Deeps Zinc Target.
- j) The Company applied for and received a waiver on the Queensland Governments rent for the Companies Pegmont exploration permit, EPM26210, for the 12 months ending in August 2021.

The Company will continue to carry out exploration of its mineral properties, and to evaluate new prospects and opportunities. The Company expects to obtain financing in the future primarily through further equity, debt financing and/or sale of assets, as well as through joint venturing of the Company's properties to qualified mineral exploration companies, however there can be no assurances the Company will obtain such financing.

## **RESULTS OF OPERATIONS**

The analysis of the annual information and results of operations for the periods under review discusses the variations in the Company's period over period results but, as with most junior mineral exploration companies, the results of operations (including net losses) are not the main factor in establishing the financial health of the Company. Of additional significance are the resource properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variations seen over the period presented are primarily a result of the level of activity of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties. There are no general trends regarding the Company's quarterly results. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options, and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. The write-off of exploration and evaluation assets can also have a material effect on quarterly results as and when they occur. General operating costs other than the specific items noted above tend to be quite similar from period to period.

### **Selected Annual Information**

	<b>Year ended May 31, 2020</b>	<b>Year ended May 31, 2019</b>	<b>Year ended May 31, 2018</b>
Comprehensive Loss for the Year	\$ (1,943,637)	\$ (3,149,594)	\$ (6,596,380)
Loss per Share – Basic and Diluted	\$ (0.01)	\$ (0.02)	\$ (0.05)
Total assets	\$6,193,708	\$6,126,641	\$2,951,991
Total long-term financial liabilities	\$Nil	\$2,502,679	\$Nil

### **Summary of Quarterly Results**

<b>Expressed in \$ unless otherwise stated</b>	<b>May 31, 2020</b>	<b>February 29, 2020</b>	<b>November 30, 2019</b>	<b>August 31, 2019</b>
Expenses	754,785	340,983	359,395	600,301
Comprehensive loss for the period	852,958	310,983	357,395	522,301
Loss per share	0.00	0.00	0.00	0.01
Weighted average shares outstanding ('000s)	178,212	174,266	170,212	162,363
Mineral property expenditures	23,740	12,827	71,992	185,717

<b>Expressed in \$ unless otherwise stated</b>	<b>May 31, 2019</b>	<b>February 28, 2019</b>	<b>November 30, 2018</b>	<b>August 31, 2018</b>
Expenses	534,214	496,103	839,724	1,370,516
Comprehensive loss for the period	443,251	496,103	839,724	1,370,516
Loss per share	0.00	0.00	0.01	0.01
Weighted average shares outstanding ('000s)	156,961	156,961	152,850	144,861
Mineral property expenditures	134,752	166,843	505,002	969,819

### **Year ended May 31, 2020 compared with year ended May 31, 2019**

The Company's comprehensive loss for the year ended May 31, 2020 totaled \$1,943,637 (2019 - \$3,149,594), a loss of \$0.01 per share (2019 - \$0.02). Significant differences between the year ended May 31, 2020 and the year ended May 31, 2019 were:

- Accounting and legal of \$101,338 (2019 - \$134,572) related to lower legal fees incurred resulting from a lower level of activity during the current year.
- Consulting expenses of \$nil (2019 - \$52,583) decreased due to the reduction of compensation arrangements for key management personnel.
- Exploration expenditures of \$294,276 (2019 - \$1,776,416) in relation to reduced field activity on the Pegmont property, compared to the drilling program in the comparative period;
- Financing costs of \$1,133,218 (2019 - \$43,301) are a result of the inception of the Nebari loan in May 2019 accruing interest at an effective rate of 23.52% with consideration to transaction costs and financing features.
- Share-based payments recovery of \$70,990 (2019 – expense of \$572,247) in relation to the vesting of stock options and performance share units ("PSU's") granted during a previous period. During the year ended May 31, 2020, 1,620,000 PSU's expired, unvested, and the Company resulting in the recognition of a recovery of \$162,000;
- Investor relations of \$215,575 (2019 - \$245,767) due to decreased promotional activity during the period;
- Travel and meals of \$27,450 (2019 - \$32,096) due to reduced travel during the period; and
- Recovery on settlement of accounts payable of \$111,827 (2019 - \$nil) in relation to payable settlements during the period.

### **Three months ended May 31, 2020 compared with three months ended May 31, 2019**

The following analysis discusses the variations in the Company's quarterly results but, as with most junior mineral exploration companies, the results of operations (including net losses) are not the main factor in establishing the financial health of the Company. Of additional significance are the resource properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variations seen over the quarters are primarily a result of the level of activity of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties. There are no general trends regarding the Company's quarterly results. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options, and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. The write-off of exploration and evaluation assets can also have a material effect on quarterly results as and when they occur. General operating costs other than the specific items noted above tend to be quite similar from period to period.

The Company's comprehensive loss for the three months ended May 31, 2020 totaled \$518,435 (2019 - \$443,251), a loss of \$0.00 per share (2019 - \$0.00). Significant differences between the three months ended May 31, 2020 and the three months ended May 31, 2019 were:

- Exploration expenditures of \$23,740 (2019 - \$134,752) in relation to reduced field activity on the Pegmont property, compared to the drilling program in the comparative period;
- Financing costs of \$225,415 (2019 - \$43,301) are a result of the inception of the Nebari loan in May 2019 accruing interest at an effective rate of 23.52% with consideration to transaction costs and financing features.
- Share-based payments recovery of \$162,000 (2019 – expense of \$82,954) as stock options and performance share units granted during a previous period had fully vested during the period ended May 31, 2020. During the period ended May 31, 2020, 1,620,000 PSU's expired, unvested, and the Company resulting in the recognition of a recovery of \$162,000;
- Investor relations of \$50,669 (2019 - \$68,730) due to reduced promotional activity and travel during the period.

### **Liquidity**

The Company's working capital deficiency as at May 31, 2020 was \$3,934,123 (2019 - \$1,238,316). Cash as at May 31, 2020 was \$157,286 (\$76,006).

Cash used in operating activities during the year ended May 31, 2020 was \$1,099,515 (2019 - \$2,239,465).

Cash used in investing activities during the year ended May 31, 2020 was \$60,522 (4,197,345) and related to acquisition costs on the Pegmont property.

Cash provided in financing activities during the year ended May 31, 2020 was \$1,241,317 (2019 - \$5,439,775), comprising \$1,848,482 (2019 - \$2,177,842) from private placements, offset by \$44,167 (2019 - \$72,992) in share issuance and deferred financing costs, \$447,698 (2019 - \$nil) in payments on the Nebari loan, \$17,342 (2019 - \$263,165) in transactions costs related to the Nebari loan, and loan repayment to related parties of \$97,958 (2019 - \$275,740 generated from loans received from related parties). During the year ended May 31, 2019, the Company generated proceeds of \$3,032,100 from the Nebari loan, \$270,250 in share subscriptions received in advance, and \$20,000 from warrant exercises.

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company may raise money from equity sales, the issuance of convertible securities and from optioning out its resource properties. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

The financial statements for the year ended May 31, 2020 do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern. Also refer to risk factors.



## Use of Proceeds

During the most recently completed fiscal year and up to the date of this MD&A, the Company completed the following financings:

- In September 2018, the Company raised \$1.7 million through the first tranche of a private placement.
- In October 2018, the Company raised \$0.4 million through the second tranche of a private placement.
- In June 2019, the Company raised \$0.6 million through a private placement.
- In July 2019, the Company raised \$1.03 million through a private placement.
- In May 2020, the Company raised \$0.6 million through a private placement
- In July 2020, the Company raised \$0.3 million through a private placement

The following table sets out a comparison of how the Company used the proceeds following the closing dates, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

Intended Use of Proceeds	Actual Use of Proceeds
To advance the Company's properties and for general and administrative purposes.	During the years ended May 31, 2018 and 2019, the Company invested \$550,253, and \$4,257,867, respectively, in Pegmont acquisition costs. The Company has accumulated a total of \$10,096,168 in exploration costs as at May 31, 2020. Remaining funds are to be spent on exploration costs on the Pegmont property, generative exploration and general operating costs.
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones	No material variances are identifiable to the Company. Proceeds have been used as intended and to further exploration of the Company's mineral properties while meeting administrative requirements.

## Capital Resources

As at May 31, 2020, the Company's share capital was \$18,954,522 representing 188,228,494 issued and outstanding common shares without par value (May 31, 2019 - \$16,849,192 representing 156,960,612 issued and outstanding common shares without par value). Obligation to issue shares was \$216,000 (May 31, 2019 - \$216,000). Share-based payments reserve, which resulted from share-based payments, PSU's, and agent warrant issuances totaled \$1,553,167 (May 31, 2019 - \$1,624,157). The deficit was \$18,630,074 at May 31, 2020 (May 31, 2019 - \$16,686,437). Accordingly, net assets were \$2,078,615 at May 31, 2020 (May 31, 2019 - \$2,273,162).

The Company had nil outstanding stock options, nil performance share units, and 34,431,192 outstanding warrants as at May 31, 2020 (May 31, 2019 – 9,925,000 stock options, 2,700,000 performance share units, and 6,049,560 warrants).

The Company's minimum capital requirement for its resource properties for the upcoming fiscal year will be A\$600,000 (C\$569,164 at the September 24, 2020 exchange rate of 0.9486). In addition, the Company's general and administrative expenses, excluding any share-based payments, will be approximately \$720,000.

## **EXPLORATION OVERVIEW**

The Company is actively investigating, evaluating and conducting exploration activities in Australia.

### **Pegmont Property, Queensland, Australia**

On August 27, 2014, the Company entered into a definitive agreement with Pegmont Mines Limited (“Vendor” or “Optionor”) whereby the Company has an option to acquire 100% of the Pegmont property. Details of the option agreement are discussed in ‘Results of Operations’.

The Pegmont lead-zinc-silver deposit is located 25 km west of South32’s Billiton’s world class Cannington silver-lead-zinc mine and 28 km north of Chinova Resources’ Osborne copper-gold mine. Pegmont is a stratiform, Broken Hill type deposit that outcrops and dips to the south east at shallow to moderate angles. It is hosted in a magnetite rich banded iron formation within high grade metamorphic “quartzite”.

It is proximate to existing infrastructure that includes roads, railways and natural gas for power generation. The project consists of three granted mining leases and 1 exploration permit that covers an area of approximately 8,290 ha. Discovered in 1971, a total of 408 bore holes for 44,745.5 m have been completed on the project prior to Vendetta. The Company has drilled a total of 198 holes since 2014, for 38,790 m, several historic holes have also been re-entered and extended. Previous resource development and exploration drilling have been described in detail in previous company filings.

### **Mineral Resource Updates**

The Company completed a second update of the Mineral Resource, as announced on August 9, 2018.

The updated Mineral Resource estimate was performed by AMC Mining Consultants (Canada) Limited (“AMC”). The estimate includes the addition of more than 22,400 m of resource development drilling conducted during 2017 by Vendetta and the results of the recent Locked Cycle metallurgical test work. The combined Mineral Resource for the open pit constrained and underground portions of the project are provided in the table below.

### **Mineral Resource Estimate, July 31, 2018**

<b>Classification</b>	<b>Material type</b>	<b>Tonnes</b>	<b>Pb</b>	<b>Zn</b>	<b>Ag</b>
		<b>(kt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(g/t)</b>
<b>Indicated</b>	Transition	1,111	4.9	2.3	8
	Sulphide	4,647	6.9	2.6	12
	<b>Total</b>	<b>5,758</b>	<b>6.5</b>	<b>2.6</b>	<b>11</b>
<b>Inferred</b>	Transition	1,829	5.2	2.0	7
	Sulphide	6,447	5.1	3.1	9
	<b>Total</b>	<b>8,277</b>	<b>5.1</b>	<b>2.8</b>	<b>8</b>

1. CIM Definition Standards (2014) were used to report the Mineral Resources.
2. The Mineral Resource update has been prepared by independent qualified persons (“QPs”) J.M. Shannon P.Geo, D Nussipakynova P.Geo, M. Angus MAIG, P. Lebleu P.Eng, of AMC and A Riles MAIG, of Riles Integrated Resource Management Pty Ltd., and has an effective date of July 31, 2018, incorporating drill results to April 15, 2018.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of mineral resources will be converted to mineral reserves. Quantity and grades are estimates and are rounded to reflect the fact that the resource estimate is an approximation.

4. Cut-off grade applied to the open pit Mineral Resources is 3% Pb+Zn and that applied to the underground is 5% Pb+Zn.
5. Based on the following metal prices: US\$0.95/lb for Pb, US\$1.05/lb for Zn, and US\$16.5/oz for silver.
6. Exchange rate of US\$0.75=A\$1.0
7. Metallurgical recoveries vary by zone and material type as follows:
  - Lead to lead concentrate: from 80.6% to 91.3% for transition and 88.0% to 92.7% for sulphide.
  - Zinc to zinc concentrate: from 19.3% to 75.2% for transition and 61.8% to 78.5% for sulphide.
8. Using drilling results up to April 15, 2018.
9. Mineral Resource tonnages have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

The Mineral Resource update incorporates historic and drilling conducted by the vendor and drilling conducted by the Company on the Project since 2014; these drill results are described in the sections below.

### **2018 Resource Development and Exploration Drilling**

The Mineral Resource Statement described above included drilling information up to 15 April 2018, drilling on the property was still ongoing at that time. VTT completed an additional 32 drillholes in three main areas. Significant assay results from the subsequent drillholes are presented in the Table below.

Eight drillholes (PVD172, PVRD174-176 & PVD181-184) were completed in Zone 1 transition, in the south western end of the deposit. The purpose of these drillholes was primarily to obtain metallurgical samples for variability test work, which is ongoing at ALS Metallurgy. The geological logging of these holes was available for the construction of the mineralised envelope wireframes used for the mineral resource estimate, although the assay data wasn't available.

At Bridge Zone two drillholes (PVRD165 and 166) were drilled to the SE of the mineral resource, trying to extend mineralisation. These holes didn't intersect the Bridge Zone mineralised horizon, they did however intersect shallow sulphide BHZ mineralisation. One drillhole (PVRD164) was drilled up dip of the Bridge Zone mineral resource, the hole intersected 3.3 m of barren host banded ironstone, with classic garnet selvages on both hangingwall and footwall. PVRD191 was drilled in the centre of Bridge Zone to obtain geotechnical samples. One drillhole (PVD171) was completed at BHZ to obtain core in the transition mineralisation in an area drilled previously with drilled with RC.

Four holes were drilled to better scope the geometry of a fold structure discovered in late 2017, in geotechnical hole PVRD154. To obtain more structural data on the fold PVRD153 and 154 were both extended. Holes PVRD168 and PVD193 were drilled approximately 60 m along strike to the NE of PVRD154. PVRD168 deviated excessively in the RC pre-collar and the hole was abandoned. The target was later re-drilled with PVD193, cored from surface to aid targeting and intersecting the upper fold at a low angle and the steep fold limb. Holes PVRD169 and PVD170 were drilled 160 and 100 m respectively along strike the SW of PVRD154. Again, PVRD169 deviated excessively in the RC pre-collar and the hole was abandoned, the target was re-drilled with PVRD170 which successfully intersected the upper, flat laying limb of the new fold structure.

In the same area, a series of four holes were drilled to better define the geometry of the Zones 2 - 3 Z Fold structure. On one section, PVD192 intersected the lower flat limb, PVD193 first intersected 15 m of the top fold sub-parallel to layering in the low-grade halo before intersecting the steeply dipping limb also sub-parallel to layering and PVD194 successfully intersected the top flat limb of the Z Fold. PVRD190 deviated excessively and intersected an area modelled as being attenuated. PVD195 intersected the steep limb of the Z fold.

A total of four exploration RC drillholes were drilled to test for extensions to mineralisation in three separate areas, none of these were successful, however VTT would like to extend two of them as they believe the mineralised horizon lies beneath the end of hole.

Detailed mapping of the outcrops in the area around the deposit was completed in October.

Metallurgical variability test work on several holes from this program are ongoing at ALS Metallurgical laboratory in Burnie, Tasmania.

**Table of Significant Results from Drilling Not Included in Mineral Resource Estimate**

Hole Name	Dip / Azimuth	From (m)	To (m)	Interval (m)	True Thickness* (m)	Vertical Depth Below Surface (m)	Grade#			
							Pb+Zn %	Pb %	Zn %	Ag g/t
<b>BHZ</b>										
PVD171 (transition)	-89/255	32.70	38.00	5.30	3.7	32.7	9.05	6.60	2.46	14
PVRD165	-57/207	82.00	85.00	3.00	3.0	66.9	8.25	4.75	3.51	8
PVRD166	-57/205	44.00	46.00	2.00	1.9	36.3	5.46	1.93	3.53	5
<b>Bridge Zone</b>										
PVRD164	-61/210						No Significant Result			
PVRD191	-52/206	251.10	255.43	4.33	4.2	219.2	11.97	9.73	2.24	34
<b>Zone 1 Transition</b>										
PVD172	-66/132	40.20	46.10	5.90	5.9	36.68	8.02	4.49	3.53	7
including		40.20	43.10	2.90	2.9	36.68	13.87	8.30	5.57	9
PVRD174	-50/140						No Significant Result			
PVRD175	-62/140	31.63	39.13	7.50	5.2	21.18	7.53	3.61	3.92	7
including		33.36	39.13	5.77	2.1	29.85	8.86	4.40	4.46	7
PVRD176	-87/143	41.32	47.70	6.38	6.3	41.09	9.65	6.19	3.46	11
including		41.32	46.70	5.38	5.3	41.09	10.94	6.98	3.96	13
PVD181	-51/322	41.32	47.30	7.98	5.1	32.05	9.06	5.81	3.25	9
including		41.32	47.30	5.98	3.3	32.05	11.29	7.21	4.09	11
PVD182	-51/319	29.68	43.00	13.32	12.8	23.16	9.15	7.48	1.67	17
including		30.68	40.00	9.32	8.0	23.94	12.50	10.46	2.04	24
PVD183	-84/144	16.80	24.85	8.05	6.4	16.70	7.69	5.05	2.64	10
including		19.45	23.87	4.42	3.8	19.34	12.68	8.80	3.88	16
and		29.65	37.20	7.55	5.5	29.48	10.52	7.55	5.87	10
including		30.40	36.20	5.80	4.2	30.22	16.35	10.17	6.18	17
PVD184	-85/147	25.90	32.27	6.37	5.1	25.76	9.86	7.11	2.75	15
including		25.90	30.45	4.55	3.6	25.76	13.25	9.85	3.40	21
<b>Zone 2 &amp; 3</b>										
PVD153 extension	-74/139						No Significant Result			
PVD154 extension	-65/063	298.60	300.65	2.05	1.8	276.1	4.58	2.08	2.50	8
PVRD168							Abandoned - No Significant Result			
PVRD169	-88/151						No Significant Result			
PVRD170	-81/145	182.00	188.00	6.00		176.1	11.43	8.50	2.93	11

	including	183.00	188.00	5.00		177.1	13.09	9.78	3.31	13
PVRD190	-62/309					No Significant Result				
PVD192	-66/321	201.16	214.91	4.75	4.1	197.3	5.46	2.33	3.13	6
	including	201.16	213.16	3.00	2.6	197.3	7.06	2.44	4.62	6
and		227.16	229.16	2.00	1.7	212.7	4.97	1.76	3.21	7
PVD193	-86/150	262.14	267.14	5.00	3.0	261.2	5.72	5.26	0.46	11
	including	263.14	266.14	3.00	1.8	262.2	7.48	6.95	0.54	15
and		278.93	280.93	2.00	1.1	277.9	4.51	4.23	0.28	10
and		282.93	284.93	2.00	1.0	281.8	5.66	5.11	0.56	10
PVD194	-51/320	137.43	150.43	13.00	10.7	105.4	9.48	6.74	2.74	11
	including	137.43	146.45	9.02	8.3	105.4	12.85	9.05	3.80	14
PVD195	-55/348	205.36	207.40	2.04	<1	167.7	7.65	3.80	3.85	14
<b>Exploration RC Holes</b>										
PVR177	-84/151					No Significant Result				
PVR178	-46/318					No Significant Result – needs to be deepened				
PVR185	vertical					No Significant Result				
PVR189	vertical					No Significant Result				

\* True thickness is estimated by VTT using structural measurements and three-dimensional geological modelling.

# Drill intersections are summarized intersection lengths >2.0 m, using a combined 1% lead and zinc grade with maximum 1 m internal dilution. Included intervals are at a combined 3% lead and zinc grade with no internal dilution.

### Preliminary Economic Assessment

On January 28, 2019, the Company announced the results of the Preliminary Economic Assessment (“PEA”) on the Pegmont Project, prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). Key production and economics are summarised in the Table below, unless otherwise noted, all dollar figures reported are Australian dollars, further details about the PEA are provided in the news release..

The PEA was developed by a team of independent consultants, including AMC Mining Consultants (Canada) Ltd., (AMC), GR Engineering Services (GRES), and AARC Environmental Solutions (AARC).

### Cautionary notes about Preliminary Economic Assessments

While the results of the PEA are highly encouraging, by definition a PEA is considered preliminary in nature and includes Mineral Resources, including inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves have not yet demonstrated economic viability. Due to the uncertainty that may be attached to Mineral Resources, it cannot be assumed that all or any part of a Mineral Resource will be upgraded to Mineral Reserves. Therefore, there is no certainty that the results concluded in the PEA will be realized.

The PEA results presented here contain certain financial performance measures, including all in sustaining costs (AISC), cash cost and total cash cost that are not recognized measures under IFRS. This data may not be comparable to data presented by other silver producers. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing comparisons between periods. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS. This news release contains non-GAAP financial performance measure information for a project under development

incorporating information that will vary over time as the project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-GAAP financial performance measures.

### Economic Results and Sensitivities

The table below summarises the key economic inputs. Base case metal prices and exchange rates are based on institutional consensus pricing. Income and other taxes presented in the PEA are preliminary, based on general Australian corporate tax rates and do not reflect any tax planning opportunities.

**Table of Summary of Key Economic Inputs and Results**

		Unit	Base Case	Spot Case <sup>1</sup>
<b>Inputs</b>	Zinc Price	US\$/lb	\$1.09	\$1.18
	Lead Price	US\$/lb	\$0.94	\$0.91
	Silver Price	US\$/oz	\$16.50	\$15.31
	Discount Rate	%	8	8
	Exchange Rate	AUD/USD	0.75	0.71
	Payable Metal – Lead	%	95	95
	Payable Metal – Zinc	%	85	85
	Minimum Deduction – Lead	%	3	3
	Minimum Deduction – Zinc	%	8	8
	Australian Corporate Tax	%	30	30
<b>Economics Pre-Tax</b>	NPV at 8%	\$M	201	249
	IRR	%	31	37
	Payback Period	Years	2.7	2.4
<b>Economics After-Tax</b>	LOM Cash Flows (Undiscounted)	\$M	288	343
	NPV at 8%	\$M	124	158
	IRR	%	24	27
	Payback Period	Years	3.5	3.0
<b>LOM Payable Metal</b>	Lead	M lbs	1,069	1,069
	Zinc	M lbs	317	317
	Silver	M oz	1.1	1.1
<b>Costs</b>	Cash cost <sup>2</sup>	\$/lb payable lead	0.65	0.60
	AISC cost <sup>3</sup>	\$/t lb payable lead	0.71	0.66

1. As of January 22, 2019, spot lead, zinc and silver prices are London Metal Exchange cash buyer, and exchange rate is Reserve Bank of Australia official rate.
2. Cash costs include all operating costs, smelter, refining and transportation charges, net of by-product (zinc and silver) revenues.
3. All in Sustaining Costs (AISC) include total cash costs and all sustaining capital expenditures.

The following Qualified Persons, under the terms of National Instrument 43-101, participated in the preparation of the Technical Report. The Technical Report titled “Pegmont Project Mineral Resource Update and Preliminary Economic Assessment” prepared in accordance with National Instrument 43-101 Standards for Disclosure for Mineral Projects (“NI 43-101”) will be filed on SEDAR. For the final full details and further information with respect to the key assumptions, parameters, and risks associated with the results of the PEA, the Mineral Resource estimates described above, and other technical information, please refer to the complete Technical Report to be made available on SEDAR

### *Geology and Mineral Resource*

John Morton Shannon, P.Geo., Principal Geologist at AMC Mining Consultants (Canada) Ltd., is an independent qualified person, as defined in NI 43-101.

Dinara Nussipakynova, P.Geo., Principal Geologist at AMC Mining Consultants (Canada) Ltd., is an independent qualified person, as defined in NI 43-101.

### *Mining*

Philippe Lebleu P.Eng., Principal Mining Engineer at AMC Mining Consultants (Canada) Ltd., is an independent qualified person, as defined in NI 43-101.

Gary Methven P.Eng., Principal Mining Engineer at AMC Mining Consultants (Canada) Ltd., is an independent qualified person, as defined in NI 43-101.

### *Infrastructure, Metallurgy and Mineral Processing*

Brendan Mulvihill, MAusIMM CP (Met), Senior Process Engineer at GR Engineering Services, is an independent qualified person, as defined in NI 43-101.

## **Field and Development Work Subsequent to PEA**

During 2019, detailed mapping over approximately 90% of the outcropping basement rocks on the tenements and a preliminary soil geochemical survey over the copper prospect, located approximately 2 km southwest of Pegmont, were completed.

An independent review of the interpretation of Zone 5 was also completed. The review included detailed re-logging of drill core, inspection of surface outcrops and drill hole geochemical results. The detailed work may result in a significant change to the interpretation of Zone 5.

Results from a preliminary X-ray Transmission (“XRT”) sensor-based ore sorting tests were received in February 2020. The purpose of the material sorting test work was to determine the suitability of the XRT sensors to differentiate potential mill feed from waste material at Pegmont. Details of the testing were announced by the Company on February 10, 2020. The conclusions of the XRT ore sorting preliminary test work on the three drill intervals are:

- Successfully removed the external dilution from the samples; and
- Successfully removed internal diluting material from within the higher-grade intervals.

Material sorting test summary:

- Total mass tested 139.2 kg
- Mass pull (weight % of feed recovered): ranged from 44.3% to 70.6%, a weighted average of 62.3%
- Lead grade improvement 18 to 88%, a weighted average of 42%
- Zinc grade improvement 21 to 72%, a weighted average of 38%
- Lead recoveries ranged from 83.2% to 90.2%, a weighted average of 88.5%
- Zinc recoveries ranged from 76.4% to 92.2%, a weighted average of 85.9%

Based on these results, pilot scale test work will be planned for future work programs at Pegmont.

## **2020 Exploration Program**

In June 2020 the Company submitted an application to the Queensland Government’s Collaborative Exploration Initiative (“CEI”) to test a conceptual exploration target, the Pegmont Deeps Zinc Target, and was successful in obtaining a A\$200,000 grant towards the cost of drilling this target. The Pegmont Deeps Zinc Target is the postulated tracing of the Pegmont mineralised banded iron stone (“BIF”), at depth, into the lower limb of a large fold, where Zinc is anticipated to be dominant sulphide. The CEI grant will fund the drilling of two 700 m deep drill holes, designed to test for the theorised repetition of the Pegmont host sequence at depth, a schematic cross section was provided in the Companies August 12, 2020 news release. It is planned that drilling will commence in late October 2020.

## **RISK FACTORS**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in Australia. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), the following risk factors, among others, will apply:

***Resource Exploration and Development is Generally a Speculative Business:*** Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. **There is no known resource, and there are no known reserves, on any of the Company's properties. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.** Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

***Fluctuation of Metal Prices:*** Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

***Financing Risks:*** The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

***Insufficient Financial Resources:*** The Company does not presently have sufficient financial resources to undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public



financing, short- or long-term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

***Dilution to the Company's existing shareholders:*** The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

***Increased costs:*** Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

***Mining Industry is Intensely Competitive:*** The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

***Permits and Licenses:*** The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

***Government Regulation:*** Any exploration, development or mining operations carried on by the Company, will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

***Environmental Restrictions:*** The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees.

The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

**Foreign Countries and Political Risk:** The Company has one mineral property located in Australia. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

**Dependence Upon Others and Key Personnel:** The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

**Currency Fluctuations:** The Company presently maintains its accounts in Canadian dollars. The Company's operations in Australia and its proposed exploration expenditures are denominated in Australian dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of its control and may materially adversely affect the Company's financial position and results.

**Surface Rights and Access:** Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the applicable courts can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners (as with many of the Company's properties), it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on exploration and mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction. The Company has not, to date, experienced any problems in gaining access to any of its properties.

**Title Matters:** Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

**Acquisition of Mineral Concessions under Agreements:** The agreements pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share

issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to make all payments and complete all expenditure obligations under its all of its various property acquisition agreements over their full term. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

**Exploration and Mining Risks:** Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

**Regulatory Requirements:** The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

**Limited Experience with Development-Stage Mining Operations:** The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

**Uncertainty of Resource Estimates/Reserves:** Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The resource estimates contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold, silver, copper, iron or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition. **The Company has not established the presence of any resources or any proven or probable reserves at any of its mineral properties. There can be no assurance that subsequent testing or future studies will establish any resources or proven or probable reserves at the Company's properties. The failure to establish proven or probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.**

**No Assurance of Profitability:** The Company has no history of earnings and, due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favorable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

**Uninsured or Uninsurable Risks:** Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

**Enforcement of Civil Liabilities:** As substantially all of the assets of the Company and its subsidiaries are located in Canada or the United States, and certain of the directors and officers of the Company are resident in Canada and/or the United States, it may be difficult or impossible to enforce judgments granted by a court in Canada or the United States against the assets of the Company and its subsidiaries or the directors and officers of the Company residing in differing jurisdictions.

**The Company may be a “passive foreign investment company” under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in the Company’s common shares that are U.S. taxpayers:** Investors in the Company’s common shares that are U.S. taxpayers should be aware that the Company believes that it has been in prior years, and expects it will be in the current year be, a “passive foreign investment company” under Section 1297(a) of the U.S. Internal Revenue Code (a “PFIC”). If the Company is or becomes a PFIC, generally any gain recognized on the sale of the Company’s common shares and any “excess distributions” (as specifically defined) paid on such common shares must be ratably allocated to each day in a U.S. taxpayer’s holding period for the common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer’s holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a “qualified electing fund” (a “QEF”) election with respect to the Company generally will be subject to U.S. federal income tax on such U.S. taxpayer’s pro rata share of the Company’s “net capital gain” and “ordinary earnings” (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a “mark-to-market election” if the Company is a PFIC and the Company’s common shares are “marketable stock” (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer’s adjusted tax basis in the common shares.

Due to the extreme complexity of the PFIC rules and the potentially materially adverse consequence to a shareholder that is a U.S. taxpayer of the Company being a PFIC, it is critical that each shareholder that is a U.S. taxpayer consult with that shareholder’s U.S. tax adviser before undertaking any transactions in the Company’s common shares.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions as at May 31, 2020 and to the date of this MD&A.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning Vendetta’s general and administrative expenses and resource property costs is provided in the Company’s Condensed Interim Statement of Loss and Comprehensive Loss contained in its financial statements for the year ended May 31, 2020 that is available on the Company’s website at [www.vendettaminingcorp.com](http://www.vendettaminingcorp.com) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

## **OUTSTANDING SHARE DATA**

The Company's authorized capital is unlimited common shares without par value and unlimited preferred shares without par value. As at September 24, 2020, the following common shares, options and share purchase warrants were outstanding:

	<b># of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Issued and Outstanding Common Shares at September 24, 2020	194,754,632		
Employee Stock Options	Nil		
Performance Share Units	Nil	N/A	N/A
Warrants	1,185,116	\$0.30	October 17, 2020
	2,886,250	\$0.13	June 3, 2022
	11,533,332	\$0.13	July 30, 2022
	13,887,050	\$0.06	May 5, 2023
	6,201,138	\$0.06	June 30, 2023
Fully Diluted at September 24, 2020	230,447,518		

## **TRANSACTIONS WITH RELATED PARTIES**

The Company has entered into certain transactions with related parties during the year ended May 31, 2020 and to the date of this MD&A. All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

A description of these related party transactions is as follows:

<b>Related Party</b>	<b>Company Owned or Controlled by</b>	<b>Nature of Transactions</b>	<b>Amount</b>
Octavian Capital Corp.	Michael Williams, a director, President and CEO of the Company	Management and director services	\$146,250
		Administration and office rent services	\$41,299
Elysium Mining Ltd.	Peter Voulgaris, a director	Geological consulting services	\$90,000
Peter Voulgaris, a director	N/A	Director services	\$3,000
Rocky Saugeen Capital Corp.	Doug Flegg, a director	Director services	\$3,000
Sheryl Dhillon, Corporate Secretary	N/A	Corporate secretarial services	\$23,000
Red Fern Consulting Ltd.	Jasmine Lau, CFO, is an associate of Red Fern Consulting Ltd.	Accounting services	\$30,000

Key management personnel consist of directors and senior management including the President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	<b>May 31, 2020</b>	<b>May 31, 2019</b>
Management fees, consulting fees, and accounting fees to key management personnel or companies controlled by key management personnel	\$ 194,250	\$ 198,000
Directors fees to directors or companies controlled by directors	10,750	33,000
Geological consulting fees to a company controlled by a director	90,000	180,000
Office, administration, rent and accounting costs to companies controlled by key management	41,300	53,427
Share-based compensation related to stock options	27,407	229,107
Share-based compensation related to PSU	(104,220)	288,006
<b>Long-term portion</b>	<b>\$ 259,237</b>	<b>\$ 981,540</b>

During the year ended May 31, 2019, the Company borrowed \$182,000 from a company with an officer and director in common. The loan bears interest at 7% per annum and matures on May 31, 2021 (amended from 12 months during the year ended May 31, 2020); the lender retains the right to demand early payment of the loan by providing 30 days written notice.

During the year ended May 31, 2019, the Company borrowed \$94,140 (AUD\$100,000) from an officer and accrued interest and fees of \$4,218 (AUD\$4,500), for a total owing of \$97,958 (AUD\$104,500) as at May 31, 2019. The loan was repaid in full during the year ended May 31, 2020.

Included in accounts payable and accrued liabilities is \$171,149 (May 31, 2019 - \$152,465) due to directors, management, or companies controlled by them and former related parties. Amounts due to related parties are unsecured, have no fixed terms of repayment, and are non-interest bearing. At May 31, 2020, the Company has recorded \$1,943 (May 31, 2019 - \$1,943) in prepaid expenses and advances to related parties. Additionally, as at May 31, 2020, \$20,000 is included in subscriptions receivable from a related party.

Included in gain on settlement of accounts payable and accrued liabilities is \$30,000 forgiven by a related party.

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

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

#### **NEW ACCOUNTING POLICIES**

Accounting policies used in the preparation of these Financial Statements are consistent with those described in the Company's audited annual financial statements for the year ended May 31, 2019, except for the following change to IFRS, which were adopted as at June 1, 2019:

IFRS 16, Leases: This new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months. The Company had no leases as at June 1, 2019, therefore the adoption of IFRS 16 did not have a material impact on the Company's Financial Statements.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### **DISCLOSURE OF MANAGEMENT COMPENSATION**

In accordance with the requirements of Section 19.5 of TSXV Policy 3.1, the Company provides the following disclosure with respect to the compensation of its directors and officers during the period:

1. During the year ended May 31, 2020, the Company did not enter into standard compensation arrangements made directly or indirectly with any directors or officers of the Company, for their services as directors or officers, or in any other capacity, with the Company or any of its subsidiaries.
2. During the year ended May 31, 2020, directors and officers of the Company were paid (or accrued) certain amounts, directly or indirectly, for their services as directors and officers or in any other capacity by the Company and its subsidiaries. Refer to “Transactions with Related Parties”.
3. During the year ended May 31, 2020, the Company did not enter into any arrangement relating to severance payments to be paid to directors and officers of the Company and its subsidiaries.

### **RECENT DEVELOPMENTS AND OUTLOOK**

The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out the Company’s properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

### **FINANCIAL INSTRUMENTS AND MANAGEMENT OF CAPITAL**

#### ***Fair values in the statement of financial position***

Following is a classification of fair value measurements recognized in the balance sheet using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	Fair value measurement at reporting date using			
		Quoted prices in active markets identical assets (Level 1)	Significant other unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
	May 31, 2020			
Liabilities:				
Derivative liability	\$ nil	\$ -	\$ nil	\$ -

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company’s cash is classified at amortized cost. The carrying values of receivables, accounts payable and accrued liabilities, and loans from related parties approximate their fair values due to their short terms to maturity. The Company’s derivative liability is classified as Level 2 of the fair value hierarchy. Long-term debt bears interest at variable rates and fair value approximates carrying values as interest charges fluctuate with changes in the LIBOR.



## Financial risk factors and capital management:

### *Credit risk*

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its liquid financial assets of cash. The carrying value of this instrument represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper.

### *Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12(b) of the financial statements. The Company's expenditure commitments, pursuant to option agreements related to resource properties, are disclosed in Note 6 of the financial statements. The Company is exposed to liquidity risk.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company does not have any significant interest-bearing financial assets.

The Company's Nebari Loan is interest-bearing debt at a variable rate. A 10% change in the LIBOR would result in an increase of up to \$4,316 in the net loss realized for the period. Changes to the LIBOR could have a more substantial impact in the future.

### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's functional and presentation currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Australian dollar due to transactions related to Pegmont, as well as the Nebari Loan, which is denominated in US dollars. Foreign assets and liabilities are translated based on the foreign currency translation method described in Note 2(c) of the financial statements. A 10% change in the foreign exchange rate between the Canadian and U.S. and Australian dollar would result in a fluctuation of \$352,694 in the net loss realized for the period, including \$339,550 on the Nebari Loan. The Company does not enter into any foreign exchange hedging contracts.

## **APPROVAL**

The Board of Directors of Vendetta has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## **ADDITIONAL INFORMATION**

Additional Information relating to Vendetta is on SEDAR at [www.sedar.com](http://www.sedar.com).

## **HEAD OFFICE**

**Vendetta Mining Corp.**  
1500 – 409 Granville Street  
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V6C 1T2

## **OFFICERS & DIRECTORS**

Michael Williams  
*President, CEO and Director*

Jasmine Lau, CPA, CA  
*Former Chief Financial Officer*

Alastair Brownlow, CPA  
*Chief Financial Officer*

Sheryl Dhillon  
*Corporate Secretary*

Peter Voulgaris, M.Eng.Sci., MAusIMM  
*Director*

Doug Flegg  
*Director*

David Baker  
*Director*

## **LISTINGS**

TSX Venture Exchange: **VTT**

## **CAPITALIZATION**

(as at September 24, 2020)

Shares Authorized: Unlimited  
Shares Issued: 194,754,632

## **REGISTRAR & TRUST AGENT**

TSX Trust Company  
301 – 100 Adelaide Street West  
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