

# **Western Atlas Resources Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

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## **1. Introduction**

The following Management's Discussion and Analysis ("MD&A") of Western Atlas Resources Inc. and its subsidiary, (the "Company", "Western Atlas Resources", "Western Atlas", "WA", "we", "us" or "our") should be read in conjunction with the unaudited condensed consolidated statements for the nine months ended September 30, 2020, and the audited consolidated financial statements for the year ended December 31, 2019, and the related notes contained therein. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A is current as at November 9, 2020.

### General Description of the Business and Corporate Structure

Western Atlas and its subsidiaries are primarily involved in the discovery, acquisition, and development of mineral deposits in premier mining jurisdictions. The address of the Company's registered and records office is 1700 – 666 Burrard Street, Vancouver, BC V6C 2X8. The Company is publicly listed on the TSX Venture Exchange ("TSX-V") under the ticker symbol "WA".

Western Atlas has one wholly owned subsidiary, Western Atlas (Nunavut) Holding Corp., which was incorporated under the Business Corporations Act (British Columbia). This company, in turn has one wholly owned subsidiary, 5530 Nunavut Inc., which was incorporated under the Business Corporations Act of Nunavut, and also registered under the Business Corporations Act of the Northwest Territories. 5530 Nunavut Inc. holds Western Atlas Resources' interest in the Meadowbank mineral properties in Nunavut, Canada.

### Forward-Looking Statements

This MD&A contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of deposits and the success of exploration activities) and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward looking information. All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities. Although the forward-looking statements and information contained in this MD&A reflect

management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. The material factors or assumptions used to develop forward-looking information in this MD&A include prevailing and projected market prices, exploitation and exploration estimates and results, continued availability of capital and financing, and general economic, market or business conditions. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information. Such risks and factors include, but are not limited to, the following: the Company's dependence on two principal exploration stage project; dependence on future financing; no known mineral reserves on the Company's properties; historical dependence on distribution of securities for funding requirements; uncertainty in global market and economic conditions; the Company may not be able to generate revenues; substantial sales of the Company's Common Shares will likely result in the significant decline of the trading price of the Common Shares; the speculative nature of the exploration of natural resource properties; there are uninsurable risks which could reduce or eliminate any future profitability; the Company may not have good title to its mining claims; use of unreliable historical data; competition from other exploration companies; dependence on key personnel; government regulations and environmental concerns; issuances of securities of the Company will result in dilution to holders of the Common Shares; officers and directors of the Company own a significant number of Common Shares and can exercise significant influence; conflicts of interest; marketability of mineralized material is subject to numerous factors; fluctuation in mineral prices; no cash dividends have been declared or paid by the Company; increased costs and compliance risks as a result of being a public company; non-profit government organization intervention; currency risk; enforcement of civil liabilities; risks related to joint ventures; and the Company's principal properties are located in remote areas. For further details, see the section on Risks and Uncertainties in this MD&A.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Further, any forward-looking statements and information contained herein are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward looking statements and information contained in this MD&A and the documents incorporated by reference herein. All forward-looking statements and information disclosed in this MD&A are qualified by this cautionary statement.

## **2. Highlights to September 30, 2020 and Subsequent Events**

### **Corporate Highlights**

On March 23, 2018, the Company entered into an Amalgamation Agreement with Pacific Topaz Resources Ltd. ("PPZ") and 1157818 B.C. Ltd. ("Subco"), pursuant to which the Company will amalgamate with PPZ's wholly owned Subco which will continue as one corporation wholly owned by PPZ following the amalgamation. Pursuant to the agreement, the Company's shareholders will be issued an aggregate of 40,001,566 common shares of PPZ at a deemed price of \$0.125 per share, representing an exchange ratio of 1.2410 PPZ shares exchanged for 1 share of the Company (the "Exchange Ratio"), at the date of the amalgamation.

After giving effect to the amalgamation, it is expected that former Western Atlas Resources shareholders will hold approximately 65% of the issued and outstanding PPZ Shares. Consequently, the transaction contemplated by the amalgamation agreement constitutes a reverse take-over of PPZ by the Company.

On June 18, 2018, Western Atlas Resources Inc. announced the closing of its previously announced business combination with Pacific Topaz Resources Ltd. and 1157818 B.C. Ltd. Pursuant to the Amalgamation, PPZ consolidated its shares on a 2:1 basis, and completed a non-brokered private placement of 10,000,000 subscription receipts at a post-consolidation price of \$0.20 per subscription receipt ("Subscription Receipts") for aggregate gross proceeds of \$2,000,000 (the "Financing"). 5,892,500 of the Subscription Receipts were exchanged for Resulting Issuer shares issued on a flow-through basis, and 4,107,500 of the Subscription Receipts were exchanged for 4,107,500 non-flow-through units comprised of 4,107,500 post-consolidated shares and 2,053,750 post-consolidated warrants. Upon completion of the Amalgamation, former Western Atlas shareholders were issued an aggregate of 40,001,566 post-consolidated shares at a price of \$0.125 per share, representing an exchange ratio of 1.2410.

Upon closing of the Transaction, the board of Western Atlas Resources Inc. was reconstituted to be comprised of Serafino Iacono, Fabio Capponi, Jose Francisco Arata and Michael Galego Dacosta. Fabio Capponi and Susan Rubin were appointed CEO and CFO of the Company, respectively.

On July 24, 2018, Western Atlas Resources announced that the Company's CEO directly and indirectly acquired a cumulative amount of 500,000 common shares of the Company pursuant to a private agreement and that as a result of the acquisition of securities described above, the Company has been advised that Mr. Capponi now holds 13,672,250 common shares, representing 24.37% of the issued and outstanding common shares of the Company.

On August 27, 2018, the Company announces that pursuant to the Company's Stock Option Plan, a total of 900,000 incentive stock options were granted to its Directors. Each Director (excluding the CEO), was granted 300,000 options. The stock options are exercisable at a price of C\$0.20 per share for a period of 5 years.

Due to the successful closing of the reverse takeover on June 18, 2018 and following the contracts signed with Western Atlas on April 9, 2017 and April 21, 2017, Davisa Consulting and Susan Rubin were owed a success fee of \$50,000 and 31,025 shares respectively. Davisa Consulting agreed to the payment of 250,000 common shares of Western Atlas (at a deemed value of \$0.20), to be issued in lieu of the \$50,000 success fee. These shares were issued on August 27, 2018.

On December 20, 2018, the Company announced the appointment of David Laing as Corporate Development and Technical Advisor. Former Chief Operating Officer (“COO”) of Equinox Gold, David is a mining engineer with an extensive experience in the mining and banking industries including mining construction and operations, engineering studies, mining finance, investor relations, mergers and acquisitions, and corporate development. Prior to Equinox Gold, David was the COO of True Gold Mining and COO and Executive VP of Quintana Resources Capital, a base metals streaming company. He was also one of the original executives of Endeavour Mining, a gold producer in West Africa. David currently serves as Director of several publicly listed companies including Fortuna Silver Mines and Sandspring Resources.

On January 23, 2019, the Company announced that a total of 200,000 incentive stock options have been granted to David Laing following his appointment as Corporate Development and Technical Advisor. The stock options are exercisable at a price of C\$0.07 per share for a period of two years.

On April 3, 2019, the Company entered into a loan agreement for \$100,000 with Fabio Capponi, a director and officer of the Company (the “Loan”). The Loan was divided into two tranches of \$50,000 each. The first tranche was transferred to the company on April 3, 2019 and the second tranche was transferred to the Company on June 30, 2019. The Company agreed to repay the loan together with interest accruing from the date of transfer at a rate of 2.75% per annum, being the current USD LIBOR 12-month interest rate. The principal plus accrued interest could be repaid under certain conditions in full in cash, unless the parties to the loan agree otherwise.

On August 12, 2019, Western Atlas announced that it had repaid the Loan plus accrued interest for a total of \$100,659 through the issuance of common shares of the Company. Pursuant to the settlement of the Loan, the Company issued 1,342,120 Common Shares at a deemed price of \$0.075 per Common Share to Fabio Capponi. The Company chose to settle the loan through the issuance of Common Shares to preserve cash and improve the Company's balance sheet.

On August 31, 2019, the Company entered into a letter of intent (“LOI”) with Gran Colombia Gold Corp (“**Gran Colombia**”) whereby Western Atlas would acquire from Gran Colombia all of the outstanding shares of Medoro Resources International Ltd. (“Medoro”), an indirect wholly-owned subsidiary of Gran Colombia. Medoro holds mining rights to the Lo Incredible 4A and Lo Incredible 4B concessions near the town on El Callao, Bolivar State, Venezuela (the “Incredible Project”).

The LOI further contemplated that the board of directors of Western Atlas would be reconstituted such that Michael Galego Dacosta would be replaced by Miguel de la Campa. A new board position would be created, and an additional nominee of Gran Colombia will be nominated for election to the board of Western Atlas at its next annual general meeting.

On September 13, 2019, the Company announced a non-brokered private placement to raise gross proceeds ranging between \$3,000,000 and \$5,000,000 in a mix of flow-through (“FT”) and non-flow through (“NFT”) units (the “Private Placement”), with Gran Colombia purchasing NFT units for proceeds of up to \$1,400,000 and up to 19.9% of the issued and outstanding common shares of Western Atlas post closing of the Private Placement.

On October 10, 2019, Western Atlas announced that pursuant to the Company's press release issued on September 3, 2019, it has signed the Share Purchase Agreement with Gran Colombia pursuant to which Western Atlas will issue up to 59,115,555 common shares in the capital of the Company (the “Consideration Shares”) to acquire all of the issued and outstanding shares of the capital of Medoro Resources International Ltd (“Medoro”).

The Share Purchase Agreement provides that the Company will purchase all of the outstanding Medoro Shares for a purchase price of US\$20,000,000 to be satisfied by the issuance to Gran Colombia of the Consideration Shares. The Consideration Shares will be issued at a deemed price of \$0.45 per Common Share. Upon completion of the Transaction, 100% of the Medoro Shares will be held by Western Atlas.

Completion of the Transaction is subject to approval from the TSX Venture Exchange and certain other additional conditions precedent in the Share Purchase Agreement, including the occurrence of both of the following events (the “**Closing Triggers**”):

1. current government of Venezuela being replaced by an internationally recognized and democratically elected government; and
2. completion of the lawful transfer and registration of transfer to Medoro (or to one or more of Medoro’s Venezuelan subsidiaries) of the Incredible Project (as defined below) by Venezuelan authorities of competent jurisdiction.

While Medoro holds the mining rights to the Lo Incredible 4A and Lo Incredible 4B concessions (the “**Incredible Project**”), it is unable to use the rights due to actions by the Venezuelan government which will require Medoro to complete the process of restitution, which is the second of the two Closing Triggers described above. A working committee consisting of one representative from each of Western Atlas and Gran Colombia has been formed in order to manage the process of restitution to Medoro of the mineral rights to the Incredible Project. The Share Purchase Agreement provides that, at the direction of the Committee, Gran Colombia and Medoro will take all actions necessary for the restitution to Medoro of the Incredible Project, including, without limitation, hiring consultants, issuing of powers of attorney and, negotiating terms for the restitution of such rights.

The Closing Triggers must occur no later than the second anniversary of the date of the closing of the Private Placement (the “**Outside Date**”), being October 10, 2021. Should the Closing Triggers not occur by the Outside Date, the Share Purchase Agreement will be terminated.

Also, on October 10, 2019, the Company announced the closing of its previously announced Private Placement for total gross proceeds of \$1,900,000. In connection with the closing of the Private Placement, Western Atlas has issued a total of 22,255,883 units which consisted of 550,000 flow-through units at \$0.10 per unit and 21,705,883 non-flow through units at \$0.085 per unit.

- Each flow-through unit consisted of one flow-through common share and one-half (1/2) of one non flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share at a price of C\$0.20 for a period of two years from the closing of the Private Placement.
- Each non-flow-through Unit consisted of one non-flow-through common share and one-half (1/2) of one non-flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share at a price of C\$0.20 for a period of two years from the closing of the Private Placement.

On December 6, 2019, Western Atlas announced that pursuant to the results of the special meeting of its shareholders, Gran Colombia Gold Corp. became a control person of the Company, as such term is defined under the policies of the TSX Venture Exchange.

On January 10, 2020, the Company announced that pursuant to the results of the annual general and special meeting, Lombardo Paredes was appointed as a Director of the Company and that all of the matters contained in the Company's Management Information Circular were approved. Among the matters approved was the transaction contemplated by the Share Purchase Agreement, announced on October 10, 2019, by and between the Company and Gran Colombia Gold Corp. as more particularly described in the information circular.

On June 15, 2020, the Company announced that pursuant to the Company's Stock Option Plan, a total of 3,765,000 incentive stock options were granted to directors, officers, employees and consultants of the Company. The stock options are exercisable at a price of C\$0.10 per share for a period of 2 years.

On July 8, 2020 Western Atlas Resources announced a non-brokered private placement to raise gross proceeds of C\$2,000,000 in a mix of flow-through ("**FT Units**") and non-flow-through units ("**NFT Units**") at a price of C\$0.10 per unit with Gran Colombia Gold Corp. ("**Gran Colombia**") (TSX: **GCM**) purchasing 14,000,000 NFT Units for proceeds of C\$1,400,000.

On July 17, 2020, the Company closed its previously announced oversubscribed non-brokered private placement (the "**Private Placement**") issuing 35,900,000 units for aggregate gross proceeds of \$3,590,000.

The Private Placement included the sale of 14,700,000 FT Units and 21,200,000 non-flow-through units NFT Units.

- Each FT Unit consisted of one flow-through common share and one-half (1/2) of one non flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share of the Company at a price of C\$0.15 per share for a period of two years from the closing of the Private Placement.
- Each NFT Unit consisted of one non-flow-through common share and one non-flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share of the Company at a price of C\$0.15 per share for a period of two years from the closing of the Private Placement.

Western Atlas may accelerate the expiry date of the warrants after one and a half years have elapsed from the closing of the Private Placement if the Company's common shares have a closing price on the TSX Venture Exchange (or such other exchange on which they may be traded at such time) of greater than C\$0.18 per share for a period of 20 consecutive trading days, by giving notice to the warrant holders. In such event, the warrants will expire on the 30th day after the date on which such notice is given, which notice shall be deemed to have been delivered to the holders three business days after it has been sent by Western Atlas to the holders by regular mail.

The proceeds of the Private Placement were used for the exploration of the Company's Meadowbank project in Nunavut, seeking restitution of the Incredible Project, the potential addition to the Company's exploration portfolio of one or more properties located in different jurisdictions and for general administrative expenses. The proceeds from the sale of the FT Units were used for Canadian Exploration Expenses and qualify as "flow-through mining expenditures", as defined in the *Income Tax Act* (Canada).



Upon closing of the Private Placement Gran Colombia held 29,910,588 common shares and 21,955,294 share purchase warrants of the Company. Gran Colombia previously held 15,910,588 common shares of the Company. The common shares held by Gran Colombia on closing of the Private Placement represent approximately 25.8% of the outstanding common shares of Western Atlas. Assuming the exercise of the share purchase warrants it holds, Gran Colombia would hold 51,865,882 common shares representing approximately 30.9% of the outstanding common shares of the Company after giving effect to the exercise of Gran Colombia's warrants but assuming no exercise of any other outstanding warrants or options of the Company.

Gran Colombia advised that it acquired the NFT Units for investment purposes and had no present intention to acquire further securities of the Company, although it may in the future acquire or dispose of securities of the Company through the market, privately or otherwise, as circumstances or market conditions warrants or options of the Company.

### **Exploration Highlights**

In December 2016, through Discovery Mining Services Ltd., a full-service provider based in Yellowknife, NWT, WA began a staking program of approximately 58,000 hectares of mineral claims in the area of Meadowbank, Nunavut, Canada ("Meadowbank Project" or "Meadowbank mineral claims"). The staking of the Meadowbank mineral claims was completed in two phases with the filing of the mineral claims record applications before Indigenous and Northern Affairs of Canada ("INAC") on January 1, 2017 and February 16, 2017 respectively. In February 2017 WA, through Discovery Mining Services Ltd., a full-service provider based in Yellowknife, NWT, began a staking program of approximately 114,000 hectares of mineral claims in the area of Committee Bay, Nunavut, Canada ("**Committee Bay Project**" or "**Committee Bay mineral claims**"). The staking of the Committee Bay mineral claims was completed in two phases with the filing of the mineral claims record applications before INAC on March 3, 2017 and March 6, 2017, respectively.

On January 26 and March 12, 2017, WA signed proposals with Apex Geoscience Ltd., in order to provide services related to geological data collection and for the application and process management for land and water use permits for WA's Meadowbank and Committee Bay mineral claims, respectively.

On April 25, 2017, WA, through Apex Geoscience Ltd., signed a contract with Golder Associates in order to start the archaeological assessment of the Meadowbank mineral claims, as part of the process to obtain the land and water use permits for the area.

On May 3, 2017, WA hired Precision GeoSurveys Inc. ("**Precision**") in order to run approximately 3,800 km of airborne geophysical survey of the Meadowbank mineral claims, which was completed on June 1, 2017.

On May 19, 2017, WA received the Land Use Permit from INAC, for its Meadowbank Project.

On May 25, 2017, WA signed a contract with Roscoe Postle Associates Inc. for the completion of NI 43-101 Technical Report on both the Meadowbank and the Committee Bay Projects.

On June 23, 2017, WA received the Land Use Permit from INAC, for its Committee Bay Project.

On July 28, 2017, WA received the water licence for 5530 Nunavut Inc. Meadowbank Precious Metals project. The water licence was issued by the Nunavut Water Board pursuant to its authority under Article 13 of the Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada (Nunavut Agreement).

On August 4, 2017, WA completed a field geological program in the Meadowbank project area comprising of geological and structural mapping, and rock and till sampling of specific targets. In total, 140 grab, composite grab, and chip samples were taken, with encouraging sampling results returned values of up to 13.30 g/t Au. Samples were analyzed by Activation Laboratories Ltd. (Actlabs) in Ancaster, Ontario and results released September 12, 2017.

On September 8, 2017, Roscoe Postle Associates Inc. (RPA) finalized the NI 43-101 Technical Report for WA's Committee Bay area project. This report titled "Technical Report on the Committee Bay Area Project, Nunavut Territory, Canada", was prepared and signed by Paul Chamois M.Sc., P.Geo., Principal Geologist at RPA and a "qualified person" as defined in NI 43-101 independent of WA and PPZ. The Technical Report is available for review on Company's website at [www.westernar.com](http://www.westernar.com).

On September 13, 2017, Roscoe Postle Associates Inc. (RPA) finalized the NI 43-101 Technical Report for WA's Meadowbank area project. This report, titled "Technical Report on the Meadowbank Area Project, Nunavut Territory, Canada", was prepared and signed by Paul Chamois M.Sc., P.Geo., Principal Geologist at RPA and a "qualified person" as defined in NI 43-101 independent of WA and PPZ. The Technical Report is available for review on WA's website at [www.westernar.com](http://www.westernar.com).

On September 19, 2017, WA received the water license issued by the Nunavut Water Board for its Committee Bay project.

On October 16, 2017, WA completed an additional field program in the Meadowbank project area comprising of rock and till sampling of specific targets. A total of 45 grab, composite grab and chip samples were taken with sampling results returned values of up to 2.06 g/t Au. Samples were analyzed by Activation Laboratories Ltd. (Actlabs) in Ancaster, Ontario and results released November 17, 2017.

On December 29, 2017, Western Atlas's subsidiary, 5530 Nunavut Inc., submitted before the Nunavut Impact Review Board (NIRB or Board), the 2017 Annual Report for the "Meadowbank Precious Metal Project" and for the "Committee Bay" project respectively (the "Submissions" or the "Reports").

On January 2 and 3, 2018, the NIRB upon review of the Western Atlas's Submissions concluded that the Reports contained the information as required and that there are no deficiencies to note.

On June 21, 2018, Western Atlas Resources announced the details of the Company's 2018 summer exploration program to be conducted on its Meadowbank Project located in Nunavut, Canada.

On July 20, 2018, the Company announced the completion of a 1,518 line kilometres VTEM survey on its Meadowbank Project and provided the market with an update on the previously announced exploration program.

On August 27, 2018, the Company announced that it has started a 35-line kilometres ground induced polarization survey over specific targets located in the Block B at its Meadowbank Project in Nunavut and provided corporate update. This survey was completed on September 21, 2018.

On September 28, 2018, the Company announced encouraging interim results from its 2018 field work on its Meadowbank Project in Nunavut, which included airborne geophysical surveying (VTEM), detailed Induced Polarization ("IP") surveying and additional geological mapping and sampling. VTEM and IP surveys were carried out by Geotech Ltd. (Geotech) and Peter E. Walcott & Associates Ltd. (Walcott), respectively. Results of the VTEM and IP surveys are being reviewed by Arce Geofisicos of Lima Peru and Walcott.

On November 1, 2018, the Company announced additional positive results from its 2018 field and interpretive work on its Meadowbank Project in Nunavut. The results pertain to the:

- Completion of the 3<sup>rd</sup> grid of induced polarization survey ("IP") carried out on the Company's Block B by Peter E. Walcott & Associates Ltd. (Walcott)
- Completion of the electromagnetic anomaly picking report ("EM") by Geotech Ltd. (Geotech), and
- Receipt of the final set of results from the geological sampling.

On January 23, 2019, the Company announced the definition of its first set of drill targets at its Meadowbank Gold Project located in Nunavut, Canada, and that is also working on the potential addition to the Company's exploration portfolio of one or more properties located in different jurisdictions in order to enhance its position as a diversified junior exploration company and unlock shareholders value.

On February 20, 2019, the Company announce the definition of a second set of drill targets in both existing and new target areas thus significantly expanding the prospecting areas of interest targeted by the Company at its Meadowbank Gold Project.

On March 29, 2019, Western Atlas's subsidiary, 5530 Nunavut Inc., submitted the Annual Reports for the Meadowbank and Committee Bay projects before all regulating authorities, including the Nunavut Impact Review Board ("NIRB"), Crown-Indigenous Relations and Northern Affairs Canada ("CIRNAC") and the Nunavut Water Board ("NWB"), as per the terms and conditions of the exploration permits and licences for both the Meadowbank and Committee Bay Properties.

On April 19, 2019, Western Atlas's subsidiary, 5530 Nunavut Inc., submitted before the Nunavut Mining Recorders office its Mineral Assessment Report, documenting the work completed on the Meadowbank Property mineral claims during the 2017 and 2018 reporting period to satisfy the work required in order to keep the claims in good standing.

On June 27, 2019, the Company received confirmation from the Nunavut Water Board that it had completed the technical review of the 2018 Annual Report for the Meadowbank Project, and that the Company has fulfilled the requirements of its Water License for 2018.

On February 18, 2020, Western Atlas announced its initial diamond drill program of up to 4,000 metres at its 100% owned Meadowbank Gold Project - Block B, target B1 located in Nunavut, Canada.

On February 27, 2020, the Company announced historical resource estimate for the Incredible 4A and Incredible 4B concessions near the town on El Callao, Bolivar State, Venezuela (the "Incredible

Project"). For more information about the Incredible Project please refer to the Company website at [www.westernar.com](http://www.westernar.com).

On March 26, 2020, Western Atlas announced that following the declaration of a state of public health emergency relating to COVID-19 by the Government of Nunavut and after discussing with its stakeholders and partners, it will stay the course with regard to the previously announced drill program and may take strategic actions for its further expansion.

On May 14, 2020, Western Atlas's subsidiary, 5530 Nunavut Inc., received confirmation that the Mineral Assessment Report, which was filed April 19, 2019 documenting the work completed on the Meadowbank Property mineral claims during the 2017 and 2018 reporting period has been evaluated and meets the requirements of the Nunavut Mining Regulations.

On May 22, 2020 Western Atlas's subsidiary, 5530 Nunavut Inc., received confirmation that the Nunavut Water Board (NWB or Board) has completed its technical review of the 2019 Annual Report provided to the Board on March 25, 2020 and has determined that the information provided generally addresses the requirements of Water License No: 2BE-MPM1722.

On June 9, 2020 Western Atlas's subsidiary, 5530 Nunavut Inc., received confirmation that the Nunavut Water Board (NWB or Board) has completed a technical review of the 2019 Annual Report and has received the updated Spill Contingency Plan and the Abandonment and Restoration Plan and uploaded it to the registry. No outstanding documents remained at this time.

On July 6, 2020, Western Atlas's subsidiary, 5530 Nunavut Inc., received confirmation that the Nunavut Impact Review Board (NIRB or Board) received 5530 Nunavut Inc.'s 2019 Annual Report for the "Meadowbank Precious Metal Project" on June 12, 2020 as required pursuant to the Monitoring and Reporting Requirements condition 3 of the Screening Decision Report, dated May 18, 2017 and that upon review has concluded that there are no deficiencies to note.

On July 14, 2020, the Company announced that it had started drilling at its 100% owned Meadowbank Gold Project located in Nunavut, Canada, that the diamond drill program will primarily be discovery focused and that it will target previously identified geological features such as banded iron formation (BIF) and shear zones with interpreted total strike lengths of 15 km and 6 km, respectively.

On August 26, 2020, the Company announced that it had completed the 2020 initial drill program at its 100% owned Meadowbank Gold Project located in Nunavut, Canada. All 13 holes initially planned were completed for a total of 3,545 meters of the proposed up to 4,000 metres program. The drilling focused on targets previously identified including geological features such as banded iron formation (BIF) and shear zones with interpreted total strike lengths of 15 km and 6 km, respectively.

### **3. Outlook for 2020**

For the remaining part of 2020, the Company, subject to funds availability and weather condition in the areas of operation, plans to focus on the following activities:

- Outline the second phase of the drill program at the Company's Meadowbank gold project;

- Continue with adding talent to the Company's board and management;
- Continue reviewing and possibly adding properties located in different jurisdictions in order to enhance the Company's position as a diversified junior exploration company and eliminate the seasonal factor.

#### **4. General Description of the Properties**

##### **Meadowbank Property:**

###### Property Description and Location

The Meadowbank Area Project consists of three non-contiguous claim blocks located in the eastern part of the District of Kivalliq, Nunavut Territory, approximately 29km to 106km north of the settlement of Baker Lake and 280km northwest of the town of Rankin Inlet. All claim blocks "comprising the property are accessible by an all-weather, private road linking Baker Lake to the Agnico Eagle's Meadowbank and Amaruq producing gold mines.

###### Land Tenure

The Project consists of three non-contiguous blocks totaling 56 claims and covering an area of 57,844 hectares ("Ha").

###### Existing Infrastructure and Local Resources

A private all-weather gravel road linking the settlement of Baker Lake to Agnico Eagle's Meadowbank Mine crosses Western Atlas' Blocks "A" and "B" and the continuation of this road northwards to Agnico Eagle's Amaruq deposit crosses Western Atlas' Block "C". Most services are available in Baker Lake, Kugaaruk, and Rankin Inlet, including groceries, hotel accommodations, expediting services, and some camp supplies. Any supplies that are not locally available can be shipped in via daily scheduled air services or by ship/barge.

The Baker Lake and Rankin Inlet areas are a hub of mining activity in the region. Exploration and mining suppliers and contractors are available from Manitoba and the Northwest Territories. General labour is readily available from the local communities.

## 5. Selected Financial Information

*in Canadian dollars*

<b>Financial Position</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Cash and cash equivalents	\$ 2,824,185	\$ 1,283,361
Short term Investments	-	250,000
Exploration & evaluation assets	4,014,359	2,393,980
Total assets	6,956,543	3,985,854
Total liabilities	117,675	22,710
Total equity	6,838,868	3,963,144

<b>Operations</b>	<b>Three months ended</b>	<b>Nine months ended</b>	<b>Three months ended</b>	<b>Nine months ended</b>
	<b>September 30, 2020</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>	<b>September 30, 2019</b>
General and administrative expenses	\$ 61,528	\$ 133,393	\$ 42,871	\$ 152,397
Net loss from continuing operations	286,862	845,584	66,341	318,865
Basic and diluted loss per Common share	\$0.00	\$0.01	\$0.00	\$0.01

### Financing

From December 2016 to April 2017 the Company raised \$1,163,050 through the issuing of private placements for a total 23,700,000 Class A and B common shares of the Company.

From August 2017 to October 2017, the Company, through a non-brokered private placement, raised \$500,000 at a price of \$0.15 per share, issuing a total 3,333,333 Class B common shares of the Company.

On June 18, 2018, the Company completed a non-brokered private placement of 10,000,000 subscription receipts at a post-consolidation price of \$0.20 per subscription receipt for aggregate gross proceeds of \$2,000,000. 5,892,500 of the Subscription Receipts were exchanged for Resulting Issuer shares issued on a flow-through basis, and 4,107,500 of the Subscription Receipts were exchanged for 4,107,500 non-flow-through units comprised of 4,107,500 post-consolidated shares and 2,053,750 post-consolidated warrants. Western Atlas Resources intends to use the proceeds from the private placements to fund exploration, engineering, and development at the Company's properties, working capital and general corporate purposes.

On October 10, 2019, the Company announced the closing of its previously announced non-brokered private placement issuing a total of 22,255,883 flow-through and non-flow through units representing 22,255,883 common shares and 11,127,943 warrants of the Company for \$1,900,000.

The Offering consists of the sale of flow-through and non-flow-through units at a price of \$0.10 and \$0.085 per unit, respectively. Each unit consists of either:

- One flow-through share and one-half (1/2) of a non-flow-through common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$0.20 for a period of two years from the closing of the Offering, or
- One non-flow-through share and one-half (1/2) of a non-flow-through common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$0.20 for a period of two years from the closing of the Offering.

The proceeds of the private placement will be used for the exploration of the Company's Meadowbank project in Nunavut, seeking restitution of the Incredible Project, the potential addition to the Company's exploration portfolio of one or more properties located in different jurisdictions and for general administrative expenses.

On July 8, 2020 Western Atlas Resources announced a non-brokered private placement to raise gross proceeds of C\$2,000,000 in a mix of flow-through ("**FT Units**") and non-flow-through units ("**NFT Units**") at a price of C\$0.10 per unit with Gran Colombia Gold Corp. ("**Gran Colombia**") (TSX: **GCM**) purchasing 14,000,000 NFT Units for proceeds of C\$1,400,000.

On July 17, 2020, the Company closed its previously announced oversubscribed non-brokered private placement (the "**Private Placement**") issuing 35,900,000 units for aggregate gross proceeds of \$3,590,000.

The Private Placement included the sale of 14,700,000 FT Units and 21,200,000 non-flow-through units NFT Units.

- Each FT Unit consisted of one flow-through common share and one-half (1/2) of one non flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share of the Company at a price of C\$0.15 per share for a period of two years from the closing of the Private Placement.
- Each NFT Unit consisted of one non-flow-through common share and one non-flow-through common share purchase warrant, with each whole warrant exercisable for one additional common share of the Company at a price of C\$0.15 per share for a period of two years from the closing of the Private Placement.

Western Atlas may accelerate the expiry date of the warrants after one and a half years have elapsed from the closing of the Private Placement if the Company's common shares have a closing price on the TSX Venture Exchange (or such other exchange on which they may be traded at such time) of greater than C\$0.18 per share for a period of 20 consecutive trading days, by giving notice to the warrant holders. In such event, the warrants will expire on the 30th day after the date on which such notice is given, which notice shall be deemed to have been delivered to the holders three business days after it has been sent by Western Atlas to the holders by regular mail.

The proceeds of the Private Placement were used for the exploration of the Company's Meadowbank project in Nunavut, seeking restitution of the Incredible Project, the potential addition to the Company's exploration portfolio of one or more properties located in different jurisdictions and for general administrative expenses. The proceeds from the sale of the FT Units were used for Canadian Exploration Expenses and qualify as "flow-through mining expenditures", as defined in the *Income Tax Act* (Canada).

Upon closing of the Private Placement Gran Colombia held 29,910,588 common shares and 21,955,294 share purchase warrants of the Company. Gran Colombia previously held 15,910,588 common shares of the Company. The common shares held by Gran Colombia on closing of the Private Placement represent approximately 25.8% of the outstanding common shares of Western Atlas. Assuming the exercise of the share purchase warrants it holds, Gran Colombia would hold 51,865,882 common shares representing approximately 30.9% of the outstanding common shares of

the Company after giving effect to the exercise of Gran Colombia's warrants but assuming no exercise of any other outstanding warrants or options of the Company.

Gran Colombia advised that it acquired the NFT Units for investment purposes and had no present intention to acquire further securities of the Company, although it may in the future acquire or dispose of securities of the Company through the market, privately or otherwise, as circumstances or market conditions warrants or options of the Company.

## **6. Financial Review and Results of Operations**

### Capitalized Project Costs

At September 30, 2020, the following costs are capitalized as exploration and evaluation assets:

<b>Exploration Costs - Nunavut</b>	<b>Year ended December 31, 2019</b>	<b>Nine months ended September 30, 2020</b>	<b>Balance September 30, 2020</b>
Acquisition costs			
Recording and staking fees	\$ 182,658	\$ -	\$ 182,658
Exploration costs			
43-101 Technical Report	62,176	-	62,176
Drilling	-	700,855	700,855
Field supplies and expenses	695,121	201,501	896,622
Geological services	619,913	226,568	846,481
GeoPhysical surveys	637,988	-	637,988
Laboratory analysis	54,876	6,464	61,340
Logistics	-	459,966	459,966
Travel	141,248	25,025	166,273
	2,211,322	1,620,379	3,831,701
Total Exploration Costs	\$ 2,393,980	\$ 1,620,379	\$ 4,014,359



## Results of Operations

### Summary of Quarterly Results

Selected financial information for the last eight completed quarters, prepared in accordance with International Financial Reporting Standards:

<b>Quarter</b>	<b>Net Gain (Loss) from operations</b>	<b>Other Income (expense)</b>	<b>Net Loss per Share Basic and Diluted</b>
Q3 2020	\$(286,862)	-	\$0.00
Q2 2020	\$(426,301)	-	\$(0.01)
Q1 2020	\$(132,421)	-	\$0.00
Q4 2019	\$(562,493)	\$8,250*	\$(0.01)
Q3 2019	\$(66,341)	-	\$0.00
Q2 2019	\$(97,204)	-	\$0.00
Q1 2019	\$(155,321)	-	\$0.00
Q4 2018	\$(366,688)	-	\$(0.01)

\* Flow-through share premium recovery

### Liquidity and Capital Resources

The Company's mineral exploration and development activities have provided the Company with no sources of income and an accumulated deficit. However, given the nature of its business, the results of operations as reflected in net loss and loss per share do not provide meaningful interpretation of the Company's valuation.

On September 30, 2020, the Company had cash and short-term investments of \$2,824,185, compared to \$1,533,362 on December 31, 2019.

The Company intends to finance its exploration and development activities through existing cash balances and future financing activities.

### Investing Activities

Cash flows used by investing activities in the nine months ended September 30, 2020 were \$1,620,379 for exploration and evaluation assets, netted against \$250,000 proceeds from short term investments for net cash used of \$1,370,379. Cash flows used by investing activities in the nine months ended September 30, 2019 were \$265,345 for exploration and evaluation assets, netted against \$50,000 proceeds from short term investments for net cash used of \$215,345. Exploration and evaluation expenditures in the nine months ended September 30, 2020 were mainly for drilling and logistics. Exploration and evaluation expenditures in the nine months ended September 30, 2019 were mainly for geological services.

### Financing Activities

As a mineral exploration and development company with no current production or revenue from mining operations, the Company will continue to depend on equity capital to finance its activities. There are no assurances that capital requirements will be met by this means of financing as inherent

risks are attached therein including commodity prices, financial market conditions, and general economic factors.

In the nine months ended September 30, 2020, total cash flows were \$3,492,500 received for the private placement that closed July 17, 2020 net of share issue costs.

In the nine months ended September 30, 2019, share subscriptions for \$125,500 were received for the private placement that closed October 9, 2019, and shares were issued in settlement of debt of \$100,659.

#### Share Capital and Outstanding Share Data

As of November 9, 2020, the Company's fully diluted share position is:

	<b>Number of shares</b>
Issued and outstanding common shares	115,878,398
Options at exercise prices from \$0.07 to \$0.32	7,997,500
Warrants at exercise prices from \$0.15 to \$0.20	40,641,843
<hr/>	
Fully diluted	164,517,741

#### Off Balance-Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

#### Financial Instruments and Other Instruments

The carrying values of cash and cash equivalents, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair values. The Company is not exposed to currency risk on its cash and cash equivalents.

#### Related Parties Transactions

On September 30, 2020 and December 31, 2019, the Company had no payables due to the officers of the Company related to reimbursement of expenses paid on behalf of the Company. Amounts payable to related parties are non-interest bearing and without specific terms of repayment.

During the nine months ended September 30, 2020, the Company paid \$215,700 for management, general business and financial advisory services and salaries (nine months ended September 30, 2019 – \$108,000) to an officer of the Company and to a company controlled by an officer of the Company.

#### Critical Accounting Policies and Estimates

The Company's accounting policies are described in Note 3 of its audited condensed consolidated financial statements for the year ended December 31, 2019. Management considers the following policy to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- Nature of operations and going concern
- Exploration and evaluation asset

#### Nature of operations and going concern

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether they contain resources that are economically recoverable. The recoverability of amounts shown for mineral properties and property and equipment is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, obtaining necessary financing to continue to explore and develop the property.

The ability of the Company to carry out its planned business objectives and continue as a going concern is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow from its mineral property interests. There can be no assurances that the Company will be able to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations and exploration and development activities which may impact the Company's ability to maintain its mineral property interest.

The consolidated financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

#### Exploration and evaluation assets

The Company defers the cost of acquiring and maintaining its interest in mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Other exploration and development expenditures are expensed as incurred until such time as mineral reserves can be established, after which such costs will be accounted for in the same manner as acquisition costs. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the assets, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties.

The Company reviews the carrying value of long-lived assets for impairment when circumstances indicate an asset's value may not be recoverable. The evaluation is based on the higher of the asset's fair value less costs to sell and its value in use, which is the present value of future cash flows expected to be derived from the asset in its current state. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the higher of fair value less costs to sell and value in use.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration or development of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

## **7. Risks and Uncertainties**

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material respects with regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted.

Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's business plan calls for substantial investment and cost in connection with the exploration and development of the Meadowbank and the Committee Bay projects. There can be no assurance that the Company will have the funds required to make such expenditures or that those expenditures will prove profitable. Any direct acquisition of any of the claims under lease or option is subject to the Company's ability to obtain the financing necessary for it to fund and carry out exploration programs on the subject properties. The requirements are substantial. Obtaining additional financing would be subject to a number of factors, including market prices for minerals, investor acceptance of the Company's properties and investor sentiment. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. The most likely source of future funds presently available to the Company is through equity or debt financings. Any sale of share capital will result in dilution to existing shareholders. Unprecedented market conditions may impede the ability of the company to raise funds needed to guarantee the regular continuation of its operations and to maintain in good and lawfully standing its mining titles.

Depending on future exploration and development plans, the Company may require additional financing which may not be available or, if available, may not be available on favourable terms.