

# Gold Line Resources Ltd. (formerly Tilting Capital Corp.)

Management's Discussion and Analysis of  
Financial Condition and Results of Operations  
First Quarter Report – March 31, 2021



The following discussion is management's assessment and analysis of the results and financial condition of Gold Line Resources Ltd. (formerly Tilting Capital Corp.) (the "Company"), and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and related notes. The preparation of financial data is in accordance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34) using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated. The effective date of this report is May 31, 2021.

## Forward Looking Information and Date of Report

This management's assessment and analysis ("MD&A" or "report") may contain statements that constitute "forward-looking information" or "forward-looking statements" (together "forward-looking statements") in respect of various matters including upcoming events or the Company's future performance. All statements other than statements of historical fact, may be forward-looking statements. Forward-looking information can generally be identified by the words "expect", "anticipate," "may", "will", "should", "intend", "believe", "target", "budget", "plan", "projection" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements in this MD&A include, among others, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates, and forecasts; completion of the AEM Transaction the Oijärvi Extension Transaction and the Nordic Transaction (each defined below) and other proposed transactions described herein (the "Proposed Transactions") (including timing for completion and receipt of all regulatory approvals); the anticipated benefits and synergies of the Proposed Transactions; statements as to management's expectations with respect to, among other things, the exploration and development of the Company's projects, including exploration drilling, exploration activities and development plans of the Company; anticipated results of exploration drilling, exploration activities and development plans; permitting matters; expectations and anticipated impact of COVID-19 on the Company's plans, operations and performance; government regulation of mineral exploration activities and treatment under governmental and taxation regimes; budget estimates and expected expenditures; and other statements that are not historical facts. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

Forward-looking statements are based on management's current beliefs and assumptions as to the outcome and timing of future events, including, but not limited to: that the Proposed Transactions will be completed as planned; that the benefits and synergies of the Proposed Transactions will be as anticipated; that the drilling, exploration activities and development plans of the Company will be completed as planned; that the results of exploration drilling, exploration activities and development plans will be as anticipated; the Company's ability to obtain additional financing on satisfactory terms or at all; the impact of COVID-19 on the Company's business; commodity prices; and that permits and governmental approvals will be obtained. Although the Company believes that the assumptions and expectations reflected in such forward-looking statements are reasonable, the Company can give no assurance that these assumptions and expectations will prove to be correct.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others: there is no assurance that the parties will obtain the requisite approvals for the completion of the Proposed Transactions; there is no assurance that the Proposed Transactions will be completed as anticipated, or at all, or that the anticipated benefits or synergies of the Proposed Transactions will be realized; that exploration and development activities will not be completed as planned; that the results of exploration and development activities will not be as anticipated; the Company may not be able to obtain additional financing on satisfactory terms or at all; commodity prices; risks inherent in exploration results, timing and success; inaccurate geological and metallurgical assumptions, (including with respect to the size, grade and recoverability of mineral reserves and mineral resources); delays in the receipt of permits and other governmental approvals; compliance with extensive government regulation; domestic and foreign laws and regulations could adversely affect the Company's business and results of operations; changes in general economic conditions or conditions in the financial markets; the stock markets have experienced volatility that often has been unrelated to the performance of companies and these fluctuations may adversely affect the price of the Company's

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securities, regardless of its operating performance; the impact of COVID-19; health and safety risks; interest rate and currency exchange risks, as well as those risk factors referred to under the headings “Financial Instruments” and “Risks and Uncertainties” contained in this MD&A.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this report and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events or results not be as anticipated, estimated or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

All forward-looking statements, including future-oriented financial information, contained in this MD&A is only provided as of the date of this report, and is expressly qualified in its entirety by this cautionary statement

## Overview

The Company was incorporated under the laws of the Province of British Columbia and continued under the Canada Business Corporation Act, then subsequently continued under the Business Corporations Act (British Columbia) (the “BCBCA”). The Company is currently listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “GLDL”. The registered address and records office of the Company are located at 2200 HSBC Building 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8. As at the date of this report, the Company's principal business activity is the acquisition and exploration of mineral property interests, particularly in Sweden and Finland.

On October 28, 2020, the Company completed the acquisition of all of the issued and outstanding shares of a private company, Gold Line Resources Ltd. (“GLR”), through a reverse takeover transaction (the “RTO Transaction”), resulting in the Company's name change to Gold Line Resources Ltd. The net assets of the Company at the date of the RTO Transaction are deemed to have been acquired by GLR.

Pursuant to the RTO Transaction, in October 2020, the Company completed a subscription receipt financing (“Subscription Receipt Financing”) and issued 24,013,000 subscription receipts (the “Subscription Receipt”) at a price of \$0.25 per Subscription Receipt for gross proceeds of \$6,003,250. Upon closing of the RTO Transaction, each Subscription Receipt automatically converted into one common share of the Company and one Subscription Receipt Warrant. Each Subscription Receipt Warrant entitles the holder thereof to purchase one additional share at an exercise price of \$0.40 per share until October 29, 2022.

As at March 31, 2021, the Company had working capital of \$2,962,281 (December 31, 2020: \$5,026,854). During the three months ended March 31, 2021, the Company incurred a loss of \$1,474,153, and at March 31, 2021, the Company has not achieved profitable operations, and has accumulated losses of \$8,244,287 since inception. The Company's ability

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to continue in the normal course of operations is dependent on its ability to raise equity financing or through the sale of its assets at amounts favourable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

## Agnico Eagle Mines Transaction

On March 22, 2021, the Company and EMX Royalty Corp. ("EMX") entered into a definitive agreement (the "AEM Agreement") with Agnico Eagle Mines Limited (NYSE and TSX: AEM; "Agnico") pursuant to which the Company will acquire a 100% interest in Agnico's Oijärvi Gold Project located in central Finland and the Solvik Gold Project located in southern Sweden (the "AEM Transaction"). Agnico will retain a 2% net smelter return ("NSR") royalty on the projects, 1% of which may be purchased at any time by EMX for US\$1,000,000.

Consideration for the AEM Transaction is US\$10,000,000, comprised of US\$7,000,000 in cash, US\$1,500,000 in common shares of EMX ("EMX Shares") and US\$1,500,000 in common shares of the Company, which shall be paid to Agnico as follows:

Date	Cash Payments (USD)	EMX Shares (USD)	Gold Line Shares (USD)
Upon TSXV approval	\$750,000	\$375,000	\$375,000
On the first anniversary of the AEM Agreement	\$1,500,000	\$500,000	\$500,000
On the second anniversary of the AEM Agreement	\$1,750,000	\$625,000	\$625,000
On the third anniversary of the AEM Agreement	\$3,000,000	-	-
<b>Total</b>	<b>\$7,000,000</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>

As part of the AEM Agreement, EMX will receive cash and share payments from the Company as set out in the table below, as well as the purchase right of 1% of Agnico's 2% NSR royalty.

Date	Cash Payments (USD)	Gold Line Shares Issued to EMX (USD)	Total Payable (USD)
Upon TSXV approval	-	\$375,000	\$375,000
On the first anniversary of the AEM Agreement	\$250,000	\$250,000	\$500,000
On the second anniversary of the AEM Agreement	\$312,500	\$312,500	\$625,000

In connection with the entering into the AEM Agreement, and upon completion of the AEM Transaction, the Company intends to pay a fee of US\$200,000 to be split evenly between two arms-length third-parties who assisted in facilitating the AEM Transaction, and to be satisfied through the issuance of common shares of the Company. All common shares issued in connection with the AEM Transaction will be based on the volume-weighted average price for the 20 trading days prior to the date of issuance, provided that the shares issuable to AEM and EMX upon receipt of TSXV approval, and the shares issuable in connection with the US\$200,000 fee, will be issued based on the volume-weighted average price for the 20 trading days prior to the date of the AEM Agreement.

In December 2020, the Company paid Agnico an exclusivity payment of \$25,904 (US\$20,000).

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In March 2021, the Company paid Agnico US\$750,000 as a deposit prior to the completion of the AEM Transaction, which is included in the statement of financial position.

Completion of the AEM Transaction is subject to customary closing conditions, including the approval by the TSXV.

## **Oijärvi Extension Transaction**

Effective March 25, 2021, the Company entered into an amendment to the Gold Line Agreement (as defined below) with Eurasian Minerals Sweden AB ("EMSAB") and Viad Royalties AB ("VRAB"), two wholly owned subsidiaries of EMX, whereby the Company will acquire all of EMX's exploration license in Finland's Oijärvi Greenstone Belt (the "Oijärvi Extension Project") (the "Oijärvi Extension Transaction").

The acquisition of the Oijärvi Extension Project from EMX, will add approximately 16,000 hectares to the Company's land position within the Oijärvi Greenstone Belt which, along with the Company's proposed acquisition of the Oijärvi Gold Project pursuant to the AEM Transaction, is expected to establish the Company as the largest land package holder in the region, as well as the controlling interest holder of the Oijärvi Greenstone Belt, an emerging gold belt in Finland.

EMX will receive 1,125,000 common shares of the Company in connection with the Oijärvi Extension Transaction. EMX will also receive an uncapped 3% NSR royalty on the Oijärvi Extension Project. Within six years of the transfer date, the Company can exercise its right to buy down up to 1% of the royalty owed to EMX (leaving EMX with a 2% NSR) by paying EMX 2,500 ounces of gold, or the cash equivalent thereof.

EMX will also receive annual advance royalty (the "Oijärvi Extension AAR") payments of 30 ounces of gold on the Oijärvi Extension Project, commencing on the second anniversary of the closing of the transfer until commencement of commercial production, with each AAR payment increasing by five ounces of gold per year up to a maximum of 75 ounces of gold per year. EMX will have an option to receive the AAR payments in gold bullion, a gold bullion cash equivalent, or a value equivalent in shares of the Company, subject to certain and agreed upon conditions.

The Company will also reimburse EMX for the original acquisition costs incurred for the Oijärvi Extension Project up to a maximum of \$30,000.

Completion of the Oijärvi Extension Transaction is subject to customary closing conditions, including the approval of the TSXV.

EMX will also remain as the Company's strategic exploration partner and will continue to assist with advancement of the Company's projects in a technical advisory capacity.

## **Exploration and Evaluation Assets**

The following tables summarize the capitalized costs associated with the Company's exploration and evaluation assets:

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	Gold Line Project
<b>Acquisition costs:</b>	
Balance, December 31, 2020	\$ 1,359,265
Cash	-
Shares issued	-
<b>Balance, March 31, 2021</b>	<b>1,359,265</b>
<b>Exploration costs:</b>	
Balance, December 31, 2020	1,699,044
Assay	51,012
Consulting, contractors and general support	414,337
Geological	38,776
Drilling	503,760
Mineral licenses	159,788
Operator fees	38,325
Rent	42,830
Supplies and miscellaneous	36,992
Travel	10,534
<b>Balance, March 31, 2021</b>	<b>2,995,398</b>
<b>Total costs:</b>	
<b>Balance, March 31, 2021</b>	<b>\$ 4,354,663</b>

	Gold Line Project
<b>Acquisition costs:</b>	
Balance, December 31, 2019	\$ 261,494
Cash	-
Shares issued	1,097,771
<b>Balance, December 31, 2020</b>	<b>1,359,265</b>
<b>Exploration costs:</b>	
Balance, December 31, 2019	538,638
Assay	117,791
Consulting, contractors and general support	491,733
Geological	12,965
Drilling	51,440
Equipment rentals	30,927
Mineral licenses	351,959
Operator fees	11,420
Supplies and miscellaneous	48,427
Travel	43,744
<b>Balance, December 31, 2020</b>	<b>1,699,044</b>
<b>Total costs:</b>	
<b>Balance, December 31, 2020</b>	<b>\$ 3,058,309</b>

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## Gold Line Project, Sweden

On April 1, 2019, GLR entered into a purchase and sale agreement (the "Gold Line Agreement") with EMSAB and "VRAB, two wholly owned subsidiaries of EMX, to acquire 13 mineral property licenses totaling 54,591 hectares in the Gold Line of Northern Sweden (the "Gold Line Project"). The Gold Line Project includes the Långtjärn Property.

In consideration for the Gold Line Project, GLR paid \$133,733 (US\$101,390) and issued 2,555,210 common shares issued valued at \$127,761, representing a 9.9% equity ownership of the Company on a non-diluted basis.

GLR also agreed to issue additional common shares to allow EMX to maintain a 9.9% equity ownership in GLR for no additional consideration until GLR raised an aggregate of \$5,000,000 in equity financing (the "Anti-Dilution Right"), after which EMX will have the right to participate pro-rata in future financings at its own cost to maintain its interest in GLR (the "Pre-Emptive Right").

In October 2020, GLR entered into an agreement among EMX, EMSAB and VRAB (the "Acknowledgement Agreement"). Pursuant to the Acknowledgement Agreement, (a) EMX was issued 4,391,084 shares valued at \$1,097,771 at closing of the RTO Transaction (the "EMX Closing Shares"), following which EMX has no further Anti-Dilution Right; (b) the EMX Closing Shares were escrowed until the release conditions have been satisfied, which such conditions have since been satisfied, and the shares released from escrow; (c) following closing of the RTO Transaction, EMX continues to have the Pre-Emptive Right unless and until EMX's interest in the Company becomes less than 5%; and (d) two Röttjärnen licenses were excluded from the licenses to be acquired, resulting in 11 mineral property licenses acquired under the Gold Line Agreement. Pursuant to an amendment to the Gold Line Agreement as of March 25, 2021, the parties agreed to add the Kattisavan nr 102 license to the Gold Line Project, and in consideration therefor, the Company reimbursed EMSAB for SEK 501,949.90 in acquisition costs.

### Financing Commitments:

Pursuant to the Gold Line Agreement, GLR is committed to raising \$600,000 in equity financings on or before October 1, 2019, to fund exploration programs on the Gold Line Project and a further \$500,000 by April 1, 2021. As at December 31, 2020, GLR satisfied these financing obligations.

### EMSAB Royalty:

In accordance with the Gold Line Agreement, and in respect of the Gold Line Project, GLR entered into a royalty agreement with EMSAB dated April 1, 2019, pursuant to which GLR is required to pay an annual advance royalty (the "Gold Line AAR") payments of 30 ounces of gold, or its value equivalent in USD or issuance of shares, on or before April 1, 2022, the third anniversary of the closing date. This royalty payment will then increase by 5 ounces per year up to a maximum of 75 ounces of gold per year until commencement of commercial production.

### AOI Royalty:

If at any time before April 1, 2024, EMSAB, VRAB or EMX (each, a "Seller Party") acquires any mineral interest located within the agreed upon area of interest (the "AOI") surrounding certain of the licenses comprising the Gold Line Project (an "AOI Interest"), then the Seller Party must provide notice to GLR and GLR may elect to acquire the AOI Interest at the same cost that the Seller Party acquired such AOI. If GLR elects to acquire an AOI Interest, then, in exchange for the transfer of title to the AOI Interest, GLR will grant EMSAB a 1.0% net smelter return royalty ("AOI Royalty") in production from the AOI Interest on the terms and conditions prescribed by the Gold Line Agreement. Additionally, if GLR or any subsidiary or affiliate of GLR (each, a "Buyer Party") acquires a new mineral exploration license (an "AOI License") or mineral interest (an "AOI Acquired Interest") covering properties with an AOI, then the Buyer Party must provide notice to EMSAB and grant EMSAB a 1.0% NSR Royalty in production from any AOI License and a 0.25% NSR Royalty in production from any AOI Acquired Interest, in each case on the terms and conditions prescribed by the Gold Line Agreement.

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## Failure to Comply:

If GLR delivers a relinquishment notice to EMX, fails to make the required payment of royalties or annual advance royalties or, fails to complete the second equity financing and use the proceeds of the second equity financing to fund the exploration and development of the Gold Line Project within two years, EMX will have the right to demand GLR transfer the Gold Line Project back to EMX for no further consideration.

Additional information relating to the Company's exploration update is available on SEDAR at [www.sedar.com](http://www.sedar.com) on the Company's web site at <https://www.goldlineresources.com/>.

## Summary of Quarterly Results

	Q1 March 31, 2021	Q4 December 31, 2020	Q3 September 30, 2020	Q2 June 30, 2020
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(1,474,153)	(6,396,268)	(91,164)	(157,412)
Basic and diluted loss per share	\$ (0.02)	\$ (0.09)	\$ (0.01)	\$ (0.01)

  

	Q1 March 31, 2020	Q4 December 31, 2019	Q3 September 30, 2019	Q2 June 30, 2019
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(43,551)	(57,755)	(23,760)	(36)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Loss during Q4 2020 included listing expense of \$4,732,348 pursuant to the RTO Transaction and share-based compensation of \$1,059,450 from option grants during the quarter. Loss during Q1 2021 included share-based compensation of \$379,434 from option grants during the quarter.

## Overall Performance and Results of Operations

Cash decreased to \$1,906,171 during the three months ended March 31, 2021, due to \$2,798,701 used in operating activities, \$987,955 spent for exploration and evaluation assets, and \$95,000 repayment of loan. The decrease in cash was partially offset by \$316,500 proceeds received from exercise of warrants and \$10,000 proceeds received from exercise of options.

### Three months ended March 31, 2021 and 2020

Net loss and comprehensive loss for the three months ended March 31, 2021 increased by \$1,430,602 from \$43,551 for the three months ended March 31, 2020, to \$1,474,153 for the three months ended March 31, 2021. The increase in net loss and comprehensive loss is largely due to:

- An increase of \$235,370 in advisory and consulting. Advisory and consulting was \$262,370 for the three months ended March 31, 2021, compared to \$27,000 for the three months ended March 31, 2020. The increase is due to increased management team and consultants for the current period.
- An increase of \$630,137 in marketing and advertisement. Marketing and advertisement was \$630,137 for the three months ended March 31, 2021, compared to \$nil for the three months ended March 31, 2020. During the current period, the Company entered into various marketing agreements for marketing, business development and consulting services.

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- An increase of \$106,745 in professional fees. Professional fees were \$118,773 for the three months ended March 31, 2021, compared to \$12,028 for the three months ended March 31, 2020. The increase was due to legal fees related to the increased operations of the Company and the AEM Transaction.
- An increase of \$51,904 in regulatory and transfer agent. Regulatory and transfer agent was \$51,904 for the three months ended March 31, 2021, compared to \$nil for the three months ended March 31, 2020. The increase was due to increased filing fees related to the AEM Transaction and increased listing and sustaining fees.
- An increase of \$379,434 in share-based compensation. Share-based compensation was \$379,434 for the three months ended March 31, 2021, compared to \$nil for the three months ended March 31, 2020. The increase was due to 1,225,000 incentive stock options granted in the current period to consultants of the Company.

## Liquidity and Capital Resources

As at March 31, 2021, the Company had working capital of \$2,962,281 and cash of \$1,906,171 to settle current liabilities of \$728,821. The Company recorded a loss of \$1,474,153 during the three months ended March 31, 2021, and had an accumulated deficit of \$8,244,287 as at March 31, 2021. The Company does not currently have a recurring source of revenue. The sources of funds currently available to the Company for its acquisition and exploration projects are due from debt and equity financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

## Outstanding Share Data

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As at March 31, 2021, 85,248,685 common shares are issued and outstanding, 8,425,000 share options are outstanding of which 7,682,500 share options are exercisable, and 31,127,200 warrants are outstanding and exercisable.

Subsequent to March 31, 2021, 2,842,400 warrants were exercised for proceeds of \$850,800, and 4,696,000 warrants with an exercise price of \$0.30 per warrant expired unexercised.

Subsequent to March 31, 2021, 123,750 share options were released from escrow.

Subsequent to March 31, 2021, the Company granted 405,000 incentive stock options to consultants of the Company pursuant to the Company's stock option plan. The options vested immediately and are exercisable at a price of \$0.375 per share until May 26, 2026.

As at the date of this report, 88,091,085 common shares are issued and outstanding, 8,830,000 share options are outstanding of which 8,211,250 share options are exercisable, and 23,588,800 warrants are outstanding and exercisable.

## Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the three months ended March 31, 2021 and 2020 are as follows:



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	Three months ended March 31,	
	2021	2020
Consulting and management fees	\$ 45,000	\$ 25,000
Professional fees	-	12,000
	<b>\$ 45,000</b>	<b>\$ -</b>

There were no amounts owing to directors and key management as at March 31, 2021 and December 31, 2020.

## Critical Accounting Policies and Estimates

The Company has prepared the accompanying financial statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's annual financial statements as at and for the year ended December 31, 2020.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

## New Accounting Policy

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. There are no new standards which the Company reasonably expects are applicable to the Company and will significantly impact the Company.

## Off-Balance Sheet Arrangements

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

## Proposed Transactions

See AEM Transaction note and Oijärvi Extension Project note above. See the Nordic Transaction note below under "Subsequent Events".

## Financial Instruments

Financial instruments recognized on the consolidated statements of financial position consist of cash, amounts receivable, deposits, and amounts payable and accrued liabilities.

The carrying amounts on the statement of financial position for amounts receivable, deposits, and amounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturities of these financial instruments.

The Company's other financial instruments, cash, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets.

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at March 31, 2021:

### (a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit risk by placing its cash with high quality financial

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institutions. The Company's amounts receivable consist of input tax credit refunds from the federal government and as such, the Company believes the risk to be minimal.

## (b) Currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, prepaid expenses, amounts payable and accrued liabilities that are denominated in the Swedish Krona. A 10% fluctuation in the SEK against the Canadian dollar would not result in any material change in net loss for the three months ended March 31, 2021.

## (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. As at March 31, 2021, the Company had working capital of \$2,962,281, including cash of \$1,906,171 to settle current liabilities of \$728,821, and may require additional funding to continue operations of the Company's proposed transactions for the next twelve months.

## (d) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is not exposed to any significant interest rate risk.

## (e) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

## Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## COVID-19

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

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## Risks and Uncertainties

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, including adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter these risks to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits. The Company is subject to significant risks including, but not limited to, the following:

### Completion of the Proposed Transactions

Completion of the Proposed Transactions is subject to customary closing conditions, including the approval by the TSX Venture Exchange.

There are risks associated with the Proposed Transactions including (i) that market reaction to the transactions and the future trading prices of the Company shares cannot be predicted; (ii) uncertainty as to whether the Proposed Transactions will have a positive impact on the entities involved therein; (iii) that there is no assurance that required approvals will be received; and (iv) that there is no assurance that the anticipated benefits or synergies of the Proposed Transactions will be realized.

### Exploration and Development Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, 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 gold and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, 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. The remoteness and restrictions on access of properties in which the Company has an interest may have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's properties will be located, often in poor climate conditions.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

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## Substantial Capital Requirements

The management of the Company anticipates that it may make substantial capital expenditures for the acquisition, exploration, development and production of its properties in the future. As the Company is at the exploration stage with no revenue being generated from the exploration activities on its mineral properties, the Company may have limited ability to raise the capital necessary to undertake or complete future exploration work, including drilling programs. Future activities may require the Company to alter its capitalization significantly. Any restriction on the Company's access to sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

## Competition

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

## COVID-19

See the risk factor described under the heading "COVID-19" above.

## Volatility of Mineral Prices

The market price of any mineral or other commodity is volatile and is affected by numerous factors that are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral or other commodity market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company.

## Environmental Risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. 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 materially impact the Company's financial performance.

Failure to comply with applicable laws, regulations, and permitting requirements may result in 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. Parties engaged in mineral resource operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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Amendments to current laws, regulations and permits governing operations and activities of mineral resource companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in costs, capital expenditures or production costs or reduction in levels of production at any future producing properties or require abandonment or delays in the exploration or development of new mining properties.

## Title of Assets

Although the Company conducts title reviews in accordance with industry practice prior to any purchase of resource assets, such reviews do not guarantee that an unforeseen defect in the chain on title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to such purchased assets could be jeopardized.

## Reliance on Key Personnel

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company. The Company does not maintain life insurance policies in respect of its key personnel. The Company could be adversely affected in the event such individuals do not remain with the Company.

## Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

## Dividends

The Company has not paid any dividends on its outstanding shares, nor is there any intention of paying dividends in the foreseeable future. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions.

## Permits and Licenses

The activities of the Company will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local populations. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

## Market for Securities and Volatility of Share Price

The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, as well as market conditions in the junior exploration industry, may have a significant adverse impact on the market price of the Company's securities. The stock market has from time to time

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experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

## Infrastructure

Mineral exploration, development and producing activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect future operations of the Company.

## Litigation and Other Proceedings

All companies are subject to legal claims, with and without merit. The Company's operations will be subject to the risk of legal claims by employees, unions, contractors, lenders, suppliers, joint venture partners, shareholders, governmental agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation and other legal proceedings that the Company may be involved in, particularly regulatory actions, is difficult to assess or quantify. Plaintiffs may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, any legal proceeding could take away from the time and effort of the Company's management and could force the Company to pay substantial legal fees. There can be no assurance that the resolution of any particular legal proceeding will not have an adverse effect on the Company's financial position and results of operations.

## Future Sales or Issuances of Equity Securities

The Company expects to rely significantly on the issuance of securities to fund its operations and shareholders will experience immediate dilution resulting from all common share issuances. The Company may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities). The Company cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of such securities will have on the market price of the common shares. Additional issuances of such securities may involve the issuance of a significant number of common shares at prices less than the current market price for the common shares. Issuances of substantial numbers of common shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of the common shares. Sales of substantial amounts of the Company's securities by the Company or its existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for the common shares and dilute investors' earnings per share. Exercises of stock options or warrants may also result in dilution to security holders.

## Availability of Equipment and Access Restrictions

Mineral exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

## Uninsured Risks

The Company, as a participant in mineral exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

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## Contractual Risk

The Company is party to various contracts and it is always possible that contracts to which they are parties will not be fully performed by other contracting parties.

## **Outlook**

The Company is working towards completing the AEM Transaction, Oijärvi Extension Transaction and the Nordic Transaction, subject to satisfaction of customary closing conditions, including the approval by the TSXV.

## **Subsequent Events**

Effective May 20, 2021, the Company signed a definitive share purchase agreement with Nordic Route Explorations Ltd. ("Nordic") and all of the shareholders of Nordic (collectively, the "Nordic Vendors"), pursuant to which the Company proposes to acquire all of the outstanding share capital of Nordic from the Nordic Vendors. Nordic is a privately held company that, through its wholly-owned subsidiary, controls the Klippen Gold Project ("Klippen"), consisting of an exploration license located in the Kingdom of Sweden (the "Nordic Transaction"). In consideration for all of the outstanding share capital of Nordic, the Company has agreed to issue 7,000,000 common shares of the Company. Completion of the Nordic Transaction is subject to satisfaction of customary closing conditions, including the approval by the TSXV.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) on the Company's web site at <https://www.goldlineresources.com/>.