

## **Management's Discussion & Analysis For the Fiscal Year Ended December 31, 2020**

This Management's Discussion and Analysis of the Operations ("MD&A") of TriStar Gold Inc. ("TriStar" or "the Company") is provided to enable the reader to understand the material changes in the financial condition and operations of the Company for the fiscal year ended December 31, 2020. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2020 prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A complements and supplements but does not form part of the Company's audited consolidated financial statements.

The financial statements referred above are available for review under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com), and the Company's website at [www.tristargold.com](http://www.tristargold.com).

This MD&A contains forward-looking statements such as statements regarding the adequacy of cash resources to carry out the Company's exploration programs, managements' expectations for the success or lack thereof of its exploration and development programs and the Company's need for future financing. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based upon the beliefs, expectations, reasonable investigation and opinions of management as of the date of this report. All forward-looking statements, including those not specifically identified here-in are made subject to the cautionary language beginning on page 20. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

All dollar amounts contained here-in are expressed in United States dollars ("US\$") unless otherwise indicated. The Company's audited consolidated financial statements for the year ended December 31, 2020 and this MD&A have been prepared by management as of April 27, 2021 and were approved by the Company's Board of Directors as of the same date.

### **Goals and Objectives for 2021**

TriStar's goals for 2021 are to continue with exploration and development of the Castelo de Sonhos ("CDS") gold project located in Brazil. The Company continues with a significant drill program to both identify new potential resources and to increase the confidence in the existing resource base. In addition to the above-mentioned drilling program, the Company plans on completing a pre-feasibility study ("PFS") on the CDS property in 2021 and it has commenced work on the project's permitting requirements. The terms of reference for the permitting activities have been accepted by SEMAS (Pará State's environmental and sustainability regulatory agency). This permitting document establishes the requirements for data collection for the Environmental Impact Assessment and for upcoming consultations with nearby communities.

### **Business Overview and Summary**

The Company was incorporated under the British Columbia Business Corporations Act ("BCBCA") under the name of TriStar Gold Inc. on May 21, 2010. TriStar was created to hold certain Brazauro assets as a result of a Plan of Arrangement Agreement between Brazauro Resources Corporation and Eldorado Gold Corporation. The completion of this Arrangement occurred on July 20, 2010. TriStar's primary business focus is the acquisition, exploration and development of precious metal prospects in the Americas, including its current focus on advancing the exploration success of CDS located in the Tapajós Gold District of Brazil's northerly Pará State.

The Company's activities in Brazil are subject to regulation by the Federal Mines Department in Brazil and the National Mining Authority ("ANM"). The Company holds exploration licenses for CDS which are subject to requirements to maintain rights over the properties. Currently all mineral rights are in good standing.

### **Property Information and Activity**

#### **Castelo de Sonhos (Para State Brazil)**

#### **Updated Interim Mineral Resource (March 2021)**

On March 16, 2021 (see news release for further details filed on [www.sedar.com](http://www.sedar.com)), the Company announced an interim mineral resource estimate for the Castelo de Sonhos gold project. As drilling is on-going, a final resource estimate will be completed for inclusion in the PFS calculations, this interim model will be used to guide engineering and infrastructure planning.

This mineral resource estimate <sup>(1)</sup> has an effective date of December 31, 2020 and the Qualified person for this resource estimate is Mr. R. Mohan Srivastava, a Vice -President of Tristar Gold Inc.

Property Area	Classification	Tonnage (million tonnes)	Grade (grams per tonne Au)	Metal Content <sup>(3)</sup> (million ounces Au)
Esperança South	Indicated	24.5	1.3	1.1
	Inferred	10.4	1.1	0.4
Esperança East	Indicated	2.4	1.1	0.1
	Inferred	9.4	0.9	0.3
Esperança Center	Indicated	13.1	0.8	0.3
	Inferred	2.4	0.9	0.1
<b>Project Totals</b>	<b>Indicated</b>	<b>40.1</b>	<b>1.2</b>	<b>1.5</b>
	<b>Inferred</b>	<b>22.2</b>	<b>1.0</b>	<b>0.7</b>

1. Numbers have been rounded to reflect the precision of Inferred and Indicated mineral resource estimates.
2. The reporting cut-off corresponds to the approximate marginal cut-off for an open pit operation with total operating costs (non-waste mining + processing + G&A) of US\$12.00/t, metallurgical recovery of 98% a gold price of US\$1250 per ounce, and above a reporting cutoff of 0.3g/t Au. These are mineral resources and not reserves and as such do not have demonstrated economic viability.
3. The metal content estimates reflect gold in-situ and do not include factors such as external dilution, mining losses and process recovery losses.
4. TriStar is not aware of any economic, permitting, legal, title, taxation, socio-economic, marketing or political factors that might materially affect these mineral resource estimates.

#### Project Description, Location and Access

CDS is located in the southwest of Pará State in Brazil near the federal highway BR-163 which links the cities of Cuiabá to Santarém. CDS is approximately 30 kilometers by unpaved road from the town of Castelo de Sonhos. The topography of the region is characterized by low plains, with an average elevation around 250 meters above sea level. In contrast, the plateau (which hosts the mineralization at CDS) is approximately 550 meters above sea level. The climate is classified as tropical monsoon, with average annual precipitation around 2,000 mm. The rainy season is December to May. The project area has been largely deforested.

The property is approximately centered at coordinates 8 degrees 12'07" South, 54 degrees 59'20" West. Road access to CDS is usually possible all year, however heavy seasonal rainfall may temporarily cause flooding of roads and bridges. Pará State is considered a mining friendly jurisdiction with a high percentage of the State's economic activity resulting directly or indirectly from mining.

The existing infrastructure for CDS is considered excellent for a developmental project, specifically

- ✓ there is a 138 kv power line which parallels state highway BR-163;
- ✓ the village of Castelo de Sonhos is located on a paved highway (BR -163) affording ground access to nearby cities and port facilities;
- ✓ there is a fully functional exploration camp;
- ✓ the camp is serviced by a 550-meter airstrip adequate for small aircraft;
- ✓ CDS is accessible by an unpaved 30 km road from the nearby village of Castelo de Sonhos; and
- ✓ the village of Castelo de Sonhos (population circa 10,000) offers many services including banks, medical facilities, supermarkets, restaurants, hotels, an airstrip and light and heavy vehicle repair facilities.

The original vendors of CDS retained a 2% net smelter return ("NSR") royalty (half of which may be purchased by Royal Gold Inc., a one-time bonus payment of US \$1.00 per ounce of gold if NI 43-101 proven and probable reserves exceed one million ounces and a payment of US \$3,600,000 upon commercial production (TriStar has the option to pay US \$1,500,000 upon or prior to making a production decision in lieu of the production payment).

The Company has not yet experienced any opposition to its exploration work at CDS from local, international environmental or special interest groups. However, as the size and scope of the project expands, the Company may experience opposition to its activities and plans which may halt or delay development at CDS. In addition, in certain periods of the year rainfall is very heavy which may temporarily affect the Company's ability to undertake work at CDS.

#### Historical Exploration and Activities

The Tapajós gold province, in which CDS is located, was the scene of a historical gold rush in Brazil. Barrick Gold Corp. ("Barrick") conducted limited exploration at CDS from June 1995 to November 1996.

#### Geological Setting, Mineralization and Deposit Type

The host rocks for CDS's gold mineralization are quartzites, meta-arenites and meta-conglomerates of the Early Proterozoic Castelo de Sonhos Formation (+2 billion years ago). Geologically, CDS is believed to be a paleoplacer, similar in nature to the Tarkwa Mine in Ghana and the Jacobina Mine in Brazil. CDS encompasses a 15 km by 12 km plateau with an average elevation 300 meters above the surrounding plains.

The Company believes the geology and mineralization of the CDS deposit is typical of a modified paleoplacer in which low-grade metamorphism may have remobilized gold over short distances. The sediments that now constitute the conglomerate bands at CDS were formed approximately 2.0 to 2.1 billion years ago, likely in a near-shore environment or in a large inland basin. At CDS, as well as Jacobina and Tarkwa, gold is hosted in quartz-pebble conglomerates; furthermore, gold grades in all of these tend to be higher in the pebble-supported conglomerates and to generally decrease when the size, frequency, sorting and packing of pebbles indicates an environment more distal from the source, lower in energy where water would flow more slowly and would be less able to keep gold grains and large pebbles in suspension. Reconstructions of the relative locations of cratons two billion years ago indicate that they may have formed a supercontinent close to the South Pole. At that time, lode deposits along a central mountain range are believed to have provided a source for gold that rivers and creeks could transport downhill toward the coastline.

#### TriStar's Early Exploration Activity (2011-2015)

Please refer to the Company's Annual Information Form (filed on SEDAR) for a description of work completed prior to 2016.

#### TriStar's Recent Exploration Activity (2016-2020)

TriStar resumed drilling activities in the second half of 2016. In addition to the drilling programs, the Company also undertook new metallurgical studies on samples collected in 2016 and 2017. This work was completed in February 2017 and the results are briefly summarized below. In 2020, the Company completed additional metallurgical test work on samples collected from the 2019 and 2020 drill programs

Phase 1 and Phase 2 of the 2016-2017 drilling program consisted of a series of core holes along a fence-like step-out program in Esperança South and the more northerly in Esperança Center. Phase 1 consisted of five core holes and was completed in November 2016. The assays from these holes all contained significant mineralization and confirmed that gold mineralization extends at least two kilometers to the southwest beyond the resource area defined by the Company in 2014. Phase 2 consisted of five core holes, of which three encountered significant mineralization. The results from Phases 1 and 2 provided the Company with valuable information in planning the Phase 3 infill drilling program.

The Phase 3 drilling campaign at CDS consisted of approximately 15,000 meters of reverse circulation in-fill drilling, which was completed in late 2017.

The 2018 drill program consisted of 960 meters (8 holes) of core and 3,972 (34 holes) meters of reverse circulation ("RC") drilling. The RC program included infill drilling in Esperança Center, and Esperança South and broader definition drilling in Esperança East. The 2018 program also identified two new gold bearing mineralization areas the 2018 New Discovery Zone' ("NDZ") and the 2018 Upper Conglomerate Zone ("UCZ"). The NDZ conglomerate outcrops on the far western edge of the property and has a mapped strike length of approximately 2 km. Ten soil sampling lines at 200 meter spacing have confirmed that the NDZ is highly anomalous in gold, with all lines showing a distinct continuous zone of mineralization coincident with the conglomerate. The UCZ was initially recognized in 2016 as an additional band of conglomerate that sits in the arenite above the main conglomerate band. Four sampling lines were located to cross the UCZ, and assays from the soil samples from all lines encountered anomalous gold grades. The size of the UCZ has not yet been determined, but mapping and sampling work so far suggests it is more than 1 km in strike length.

In 2019, the Company commenced another significant in-fill drill program which was planned to total approximately 22,500 meters of which 2,500 meters was to be core drilling. The core drilling was planned to complete certain geotechnical work necessary for the PFS. At the end of April 2020, the Company had completed 18,993 meters of RC drilling and 372 meters of core drilling. As of the date of this report, the in-fill drilling program was completed, although certain core drilling will require consultants to travel internationally and given the status of the international health pandemic, the Company cannot predict when international travel will resume. The Company also decided to undertake additional RC drilling on the CDS deposit, which drilling commenced in September 2020 and will continue into 2021. The Company's quality assurance and quality control ("QA/QC") protocols for all years are consistent with industry standards.

#### Summary of Metallurgical Test Work

In January 2017, McClelland Laboratories ("McClelland") in Sparks, Nevada completed metallurgical test-work on a bulk sample created from drill core from the Esperança South area of the CDS deposit. This bulk sample had a head grade of approximately 1.5 g/t gold. McClelland tested gold recoveries using both gravity concentration and cyanidation, with both sets of tests being performed at a range of commercially reasonable grind sizes. Gravity alone recovery to a rougher concentrate ranged from 41% to 84%. Gold recovery by cyanidation was analyzed using bottle roll tests with recoveries ranging from 93% to 98%. Consumption of cyanide and lime were both low, an additional benefit as this reduces operating costs. This work is described in more detail in the news release of the Company dated February 27, 2017 (filed on SEDAR).

In 2020, the Company received the results from six composite metallurgical samples collected from the CDS 2019 and 2020 drill programs. This test work was completed by McClelland Laboratories in Sparks, Nevada. This work incorporated samples with a wider range of head grades than what the Company had done in 2017. All six bottle roll tests returned over 96% recovery with an average recovery of 98%, (See the news release dated July 23, 2020).

#### Results of the Preliminary Economic Assessment ("PEA").

**The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them to be categorized as Mineral Reserves. There is no certainty that the economic results described in the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.**

This section contains the same information as that provided in the same section of the 43-101 Technical Report filed on SEDAR by TriStar, entitled "Castelo de Sonhos Gold Project, Pará State, Brazil Amended Independent Technical Report – Preliminary Economic Assessment" with an effective date of September 14, 2018. The QP taking responsibility for this section also took QP responsibility for the same section in the previous report and is of the opinion that the information remains relevant and current despite the fact that it pre-dates the current resource estimate. Work is already underway on the Pre-Feasibility Study (PFS) for Castelo de Sonhos; the technical and economic analysis presented in the PFS will be based on new resource estimates, will not assign any economic value to Inferred resources, and, when published, will entirely replace the PEA analysis.

The qualified person for the preparation of this PEA was Porfiro Cabaleiro (#3708), Director of GE 21. The reader should refer to the news release dated November 16, 2018 for further information about the results of this PEA. The PEA has been filed on SEDAR. AISC is a "Non-IFRS financial measure" within the meaning of applicable Canadian securities laws. Such measures have no standardized meaning under International Financial Reporting Standards and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with International Financial Reporting Standards.

On November 16, 2018, Tristar Gold Inc. released the results of an independent preliminary economic assessment (filed on SEDAR). The following are some key summary findings:

- Life of mine net pre-tax cash flow of US\$441 million;
- Gold price of \$1250 per ounce;
- Life of mine gold production of 1.1 million ounces;
- Pre-tax internal rate of return of 51%;
- Post-tax internal rate of return of 43%;
- Gold production cash costs of US \$660 per ounce of gold produced (all-in sustaining costs of US\$ 687 per ounce);
- Initial capital of US \$184 million.

The PEA for CDS has assumed the use of a contract mining company, to conduct open pit mining using technology equipment readily available in Brazil and elsewhere in the world. The open-pit mine is designed assuming 55° slope angle, 8m bench height and a 10%

access ramp. The material for processing will be crushed and then ground to 150 microns before being leached using Carbon-in-pulp (“CIP”). Process tailings will be discharged to an engineered facility designed to international standards of safety.

The economic analysis includes allowances for milestone payments due under the original purchase agreement, as well as mine closure and remediation.

### Sampling, Analysis and Data Verification

Refer to the NI 43-101 technical report dated September 2017 (filed on SEDAR) for a full description of sampling, analysis and data verification.

## **Select Annual Financial Information**

The table following provides selected material financial information for the last three fiscal years reported in thousands (000's) of US dollars. In all years reported the results are audited.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	10,022.6	5,541.1	734.2
Total assets	29,234.9	22,057.1	20,083.3
Total shareholders' equity	25,260.2	19,028.2	19,268.8
Total revenue	nil	nil	nil
Net income/(loss) from continuing operations	(125.3)	(1,743.4)	(608.5)
Per share-basic	(0.00)	(0.01)	(0.00)
Per share- fully diluted	(0.00)	(0.01)	(0.00)
Net and comprehensive Income/(loss)	(125.3)	(1,743.4)	(608.5)
Per share-basic	(0.00)	(0.01)	(0.00)
Per share-fully diluted	(0.00)	(0.01)	(0.00)
Dividends paid	nil	nil	nil

The key observations from the above selected financial information includes the following:

- Change in cash and cash equivalents is closely correlated with changes in shareholders' equity because the sale of common stock is the Company's primary means of raising capital. Cash increased in 2020 and 2019 from proceeds from the equity financings which occurred in 2020 and 2019, the exercise of warrants and options in 2020 and the sale of a royalty to Royal Gold Inc in 2019 grossing \$8.0 million;
- The most significant uses of cash are for exploration at CDS and general and administrative costs;
- The 2019 reduction in property, plant and equipment in total assets reflects accounting for the sale of the royalty to Royal Gold Inc.;
- The Company has no operating activities and therefore is unlikely to report positive earnings from operations;
- As discussed below the main factors impacting earnings are general and administrative expenditures, expensing of stock options and changes in the fair value of warrants liability (see the discussion below for further details on these factors); and
- The Company capitalizes expenditures at its mineral properties which accounts for increases in total assets.

## **Summary of Quarterly Results**

The following table includes selected quarterly financial information of the Company and is derived from unaudited interim consolidated financial statements prepared by management and the Company's audited consolidated financial statements for the periods reported. All amounts are reported in 000's of US dollars.

The Company is an exploration stage junior mining company. It has no operations in production and no source of sales or revenue from operations. It relies on funding its activities largely from the sale of its equity. In accordance with IFRS, the Company capitalizes all expenditures made on its resource properties. As such there are only a few significant items which impact its results from operations. These items include the on-going level of general and administrative spending which, in accordance with IFRS, may include the non-cash cost of stock options granted. A second major item affecting its results from operations is the change in warrants liability. Warrants liability changes are most significantly affected by changes in the Company's trading price of its common shares, by the change in the

United States and Canadian dollar exchange rate because the Company reports its financial statements in US dollars whereas the exercise price of the Company's warrants and its underlying common stock are traded and priced in Canadian dollars and by the number of warrants outstanding. Thus, in accordance with IFRS, this foreign exchange variance is considered an embedded derivative and changes must be reported in profit and loss. It is important to remember that the change in the fair value of warrants liability is a non-cash item.

Significant variances in the Company's reported income or loss from quarter to quarter most commonly arise from those factors described above which are difficult to anticipate in advance or to predict from past results. These factors include: (i) the granting of incentive stock options, which results in the recording of amounts for share-based compensation expense, and (ii) the periodical valuation at fair value of warrants liability. Both of these amounts may be quite large in relation to other general and administrative expenses incurred in any given quarter or fiscal year.

	<b>Q4.2020</b>	<b>Q3.2020</b>	<b>Q2.2020</b>	<b>Q1.2020</b>
Cash and cash equivalents	10,022.6	10,948.6	4,568.7	5,661.1
Total assets	29,234.9	28,958.6	21,998.6	22,198.2
Total shareholders' equity	25,260.2	22,459.0	16,999.6	18,597.2
Total revenue	nil	nil	nil	nil
Net income/(loss) from continuing operations	2,468.1	0.3	(1,649.7)	(944.0)
Per share-basic	0.01	0.00	(0.01)	(0.00)
Per share- fully diluted	0.01	0.00	(0.01)	(0.00)
Net and comprehensive income /(loss)	2,468.1	0.3	(1,649.7)	(944.0)
Per share-basic	0.01	0.00	(0.01)	(0.00)
Per share-fully diluted	0.01	0.00	(0.01)	(0.00)
Dividends paid	nil	nil	nil	nil

	<b>Q4.2019</b>	<b>Q3.2019</b>	<b>Q2.2019</b>	<b>Q1.2019</b>
Cash and cash equivalents	5,541.1	4,065.1	291.1	236.0
Total assets	22,057.1	20,008.1	19,394.8	19,709.1
Total shareholders' equity	19,028.2	17,682.1	18,663.8	19,091.1
Total revenue	nil	nil	nil	nil
Net income/(loss) from continuing operations	(137.7)	(1,000.6)	(427.3)	(177.7)
Per share-basic	(0.00)	(0.00)	(0.00)	(0.00)
Per share- fully diluted	(0.00)	(0.00)	(0.00)	(0.00)
Net and comprehensive income/(loss)	(137.7)	(1,000.6)	(427.3)	(177.7)
Per share-basic	(0.00)	(0.00)	(0.00)	(0.00)
Per share-fully diluted	(0.00)	(0.00)	(0.00)	(0.00)
Dividends paid	nil	nil	nil	nil

## **Discussion of Results from Operations**

### **Results for the three-month periods ending December 31, 2020 and 2019 (unaudited)**

The table below provides a comparison of the financial performance for the fourth fiscal quarter ended December 31, 2020 and 2019.

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Change Increase/(decrease)
<i>Expenses</i>			
General and admin costs	\$ 490,922	\$ 614,648	\$ (123,726)
Foreign Exchange losses /(gain)	(233,940)	6,721	(240,661)
<i>Other income/(expenses)</i>			
F.V. warrant liability change	2,716,175	463,849	2,252,326
Loss on equipment sale	-	-	-
Bank charges and interest income net	8,939	19,772	(10,833)
<b>Net and comprehensive income/(loss) for the quarter</b>	<b>\$2,468,132</b>	<b>\$ (137,748)</b>	<b>\$ 2,605,880</b>

Net income for the fourth fiscal quarter ending December 31, 2020 was \$2,468,132 compared to a loss of (\$137,748) for the quarter ended December 31, 2019. The major reason for the increase in net income was a significant income gain on the fair value of the warrants liability, largely resulting from a decline in the trading value of the Company's common stock and also from a foreign exchange gain on the value of the funds held in Canadian dollars.

The main factors impacting the general and administrative accounts between the fourth quarter of 2020 as compared with the fourth quarter of 2019 are detailed in the table below. Significantly, in the fourth quarter of 2020, the Company reduced fees paid to consultants due to a slowdown in activity resulting from the Covid-19 pandemic. The Company also continues with a strict cost control program. As detailed below other G&A cost center changes were largely insignificant, excepting a material increase in shareholder relations activities.

	2020 Q4	2019 Q4	YOY Change
Consulting and director fees	\$ 182,265	\$ 223,747	\$ (41,482)
Change in provision	1,598	541	1,057
Depreciation	328	544	(216)
Insurance	3,370	2,851	519
Office supplies, etc.	13,484	14,914	(1,430)
Rent	7,730	10,033	(2,303)
Salaries & benefits	176,299	270,590	(94,291)
Shareholder relations	102,613	70,277	32,336
Travel	3,235	21,151	(17,916)
<b>TOTAL EXPENSES</b>	<b>\$ 490,922</b>	<b>\$ 614,648</b>	<b>\$ (123,726)</b>

#### Results for the twelve-month periods ending December 31, 2020 and 2019

The table below provides a comparison of the financial performance for the fiscal year ended December 30, 2020 and 2019.

	Year Ended December 31, 2020	Year Ended December 31, 2019	Change Increase/(decrease)
<i>Expenses</i>			
General and admin costs	\$ 1,505,522	\$ 1,673,633	\$ (168,111)
Foreign Exchange losses /(gain)	(427,368)	(3,483)	(430,851)
<i>Other income/(expenses)</i>			
F.V. warrant liability change	893,038	(84,525)	977,563
Loss on equipment sale	(202)	-	(202)
Bank charges and interest income net	60,044	18,289	41,755
<b>Net and comprehensive income/(loss) for the year</b>	<b>\$ (125,274)</b>	<b>\$ (1,743,352)</b>	<b>\$ 1,618,078</b>

The net loss for the fiscal year ended December 31, 2020 was (\$125,274) compared to a loss of (\$1,743,352) for the fiscal year ended December 31, 2019. The major reason for the significant decrease in the loss was due to a reduction in general and administrative expenses and a large gain on the change in the warrants liability account. Detail of the G&A spending is shown below. Material cost savings were realized in consulting and directors' fees and in salaries and benefits.

	2020 Full Year	2019 Full Year	YOY Change
Consulting and director fees	\$ 323,007	\$ 437,517	\$ (114,510)
Change in provision	4,337	(6,864)	11,201
Depreciation	1,696	2,177	(481)
Insurance	11,952	11,357	595
Office supplies etc.	39,510	38,547	963
Rent	31,234	33,881	(2,647)
Salaries & benefits	737,807	914,162	(176,355)
Shareholder relations	332,306	183,361	148,945
Travel	23,673	59,495	(35,822)
<b>TOTAL EXPENSES</b>	<b>\$ 1,505,522</b>	<b>\$ 1,673,633</b>	<b>(168,111)</b>

### Impact of Inflation

The Company has no source of revenue and therefore inflation effects relate primarily to the exploration costs in Brazil which are affected by both worldwide and country specific inflationary trends.

### Trend Information

The cyclical nature of the prices of metals, particularly the price of gold, is likely to have an effect on the Company's liquidity and capital resources. If the price of gold or the worldwide demand for gold decreases, there would likely be an adverse effect on the Company's ability to raise additional funding or to attract investor or partners for the development of its properties.

### Financial Condition: Liquidity and Capital Resources.

To date, the Company has largely financed its activities by the private placement of equity securities, and in 2019 it sold a royalty interest in CDS to Royal Gold to fund its development. The following describes the material recent financing activities.

Recent financings are as follows:

- In August of 2019, the Company sold Royal Gold a 1.5% NSR royalty on CDS and transferred its buy down right on the existing 2% NSR royalty for gross proceeds of \$8.0 million, plus other considerations.
- In December 2019, the Company completed a private placement by issuing 11,200,000 units, each unit consisting of one common share and one-half warrant realizing gross proceeds of Can \$2,240,000.
- In July 2020, the Company completed a public offering by prospectus of 30,705,000 units with each unit consisted of one common share and one-half warrant realizing gross proceeds of Can \$9,211,500.
- In 2020, the Company has received Can \$2,145,876 from the exercise of warrants and options combined and issued 9,025,932 common shares.

With respect to the December 2019 private placement, the table below compares the pro-forma sources and uses of funds with the actual sources and uses of funds. All amounts are in Canadian dollars.

Source of Funds	Pro-Forma (C\$)	Actual (C\$)	Explanation
<i>Gross proceeds</i>	2,000,000	2,240,000	Offering oversubscribed
Agent commissions	12,000	1,22,400	Increase in proceeds
Legal	62,750	92,438	Exceeded estimates
Other	0	21, 368	Listing fees included in legal
<i>Net proceeds</i>	1,817,250	2,003,794	Due to increase in Offering
<b>Uses of Funds</b>			
GoldSpot contract	385,000	375,000	Contract adjustment
Working capital	1,432,250	1,628,794	Increase in units sold
<i>Total Uses</i>	1,817,250	2,003,794	

With respect to the July 2020 prospectus-based financing, the table below compares the pro-forma sources and uses of funds with the actual sources and uses of funds. All amounts are in Canadian dollars. Additionally, the pro-forma uses of funds were for a twelve -



month period commencing August 2020, and for expenditures denominated in US dollars an exchange rate of US \$1.0=Can \$1.33 was used.

<b>Source of Funds</b>	<b>Pro-Forma (C\$)</b>	<b>Actual (C\$)</b>	<b>Explanation</b>
<i>Gross Proceeds</i>	8,010,000	9,211,500	Offering oversubscribed
Agent commissions	480,600	492,690	Increase in proceeds
Legal	250,000	263,731	Under estimated legal costs
Other	0	31,189	TSX.V fees
<i>Net proceeds</i>	7,279,400	8,423,890	
<b>Uses of Funds</b>			
All-drilling	760,000	428,840	Program incomplete
Metallurgical testing	6,667	25,830	
Sample assay and freight	100,000	162,645	Re-assay multiple samples
Camp and labor	635,250	291,413	Program incomplete
Other Brazil costs	750,000	332,524	Program incomplete
Televiewer	300,000	160,444	Program shift to re-assaying
Resource estimation	80,000	0	Estimation in-process
N.A. consultants	170,000	27,916	
Vendor payment	1,733,333	No spending yet	
PFS preparation	1,270,000	17,252	Work just commencing
Socio-economic studies	666,667	24,510	Program incomplete
Working capital	64,150	Not applicable	
<i>Total uses</i>	7,279,400	1,471,375	Program incomplete

Note: The Cost of the Offering and Use of Proceeds may change as additional invoices are received and work on CDS is completed. The Source of Funds assumed no exercise of the Agents option. Additional funds raised in addition to the pro-forma gross proceeds will be used for general corporate and other working capital needs. The translation of actual spending from US dollars (the Company's function currency) to Canadian dollars was done at the monthly average Can\$/US\$ exchange rates varying between 0.75 and 0.79.

At December 31, 2020, the Company had working capital of \$9,785,123 including \$10,022,590 in cash and cash equivalents (December 31, 2019: working capital of \$5,241,193 including \$5,541,129 in cash and cash equivalents). Of the \$10,022,590 million in cash and cash equivalents at December 31, 2020, the US equivalent of \$4,668,192 and \$4,189 was denominated in Canadian dollars and the Brazilian real, respectively, with the remaining balance in US dollars. The cash on hand is expected to fund operations for the remainder of 2021 and shortly beyond.

#### *Mineral Properties and Deferred Expenditures*

The Company's Mineral properties and deferred expenditures increased to \$18,985,590 at December 31, 2020, from \$16,055,971 at December 31, 2019 as a result of capitalized spending at CDS of \$3,917,098 during the current year, offset by a reduction of \$987,479 representing the receipt in March 2020 of the final installment payment on the Royal Gold transaction.

### **Risks and Uncertainties**

An investment in the Company's common shares is highly speculative and subject to a number of risks. Additional risks that the Company is unaware of or that are currently believed to be immaterial may become important factors that affect the Company's business. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be adversely impacted.

The Company is in the mineral property acquisition, exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies of like size and stage of development. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the company's business, results of operation, and financial performance in future years.

The Company's business plan is subject to numerous risks and uncertainties, including the following:

### *Exploration and Development Stage Risk*

Exploration for mineral resources involves a high degree of risk, the cost of conducting exploration programs may be substantial and the probability of success is typically low and difficult to assess. It is impossible to ensure that the current development programs planned by the Company will result in a profitable commercial mining operation. Mineral deposits and production costs are affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, foreign exchange changes, inflation, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in size and quality to justify development or if developed generate profits and cash flows. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated and even one unexpected factor may result in the economic viability of the project being detrimentally impacted such that the project cannot be developed, or operations continue. The Company closely monitors its activities and those factors that could negatively impact them. The Company's employees and its advisors assist in risk management and to make timely decisions regarding future property expenditures. Other risks associated with projects in the exploration and development stage which could cause delays or prohibit the advancement of the project include delays in obtaining required government approvals and permits and the inability to obtain suitable or adequate machinery, equipment, power or labor.

### *Need for Additional Funding*

As a junior exploration company with no source of revenue, the Company will likely seek additional funding in the foreseeable future to complete the development and permitting of the CDS project. The inability of the Company to raise additional funds could adversely affect the Company's business plan, including its ability continue as a going concern and perform exploration activities on, and maintain its existing properties.

### *Title to Properties*

The Company cannot guarantee title to all of its properties as the properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers or indigenous peoples' land claims, and title may be affected by undetected defects. Certain of the mineral rights held by the Company are held under applications for mineral rights or are subject to renewal applications and, until final approval of such applications is received, the Company's rights to such mineral rights may not materialize and the exact boundaries of the Company's properties may be subject to adjustment. The Company does not maintain title insurance on its properties.

### *Potential Dilution to Existing Shareholders*

The Company will require additional financing in order to complete exploration and development of its mineral properties. The Company anticipates that it may sell additional equity securities including, but not limited to, its common stock, share purchase warrants or some form of convertible security. The effect of additional issuances of equity securities will result in dilution to existing shareholders.

### *International Health Pandemic*

In 2019 and 2020, a worldwide health pandemic resulting from the spread of the Covid-19 virus has caused disruptions in economies worldwide and it has severely restricted travel and some employees ability to work. The duration and full financial effect of the Covid-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others to reduce the spread of the disease. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty and accordingly estimates of the extent to which Covid-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. Due to the Covid-19 pandemic, the Company temporarily suspended operations at the CDS camp in April and re-opened the camp and resumed drilling in September. The Company cannot predict if normal operations will continue into the future due to unforeseen complications caused by a resurgence of the Covid-19 pandemic.

### *Metal price risk*

The price of gold affects the value of the Company's own securities and investments and the recoverable value of CDS.

### *Geo-political Risk*

The Company's exploration properties are located in Brazil and it has no country diversification with respect to its principal assets. Therefore, any political or social disruptions unique to Brazil would have a material impact on the operations of the Company and its financial performance and stability. Additionally, the Company's project is subject to the laws of Brazil and it may be negatively

impacted by the existing laws and regulations of that country, as they apply to mineral exploration, land ownership, royalty interests and taxation, and by any potential changes of such laws and regulations.

The CDS property is located in Pará State in Brazil, which may be of particular interest or sensitivity to one or more special interest groups. Consequently, mineral exploration and mining activities at CDS may be affected in varying degrees by political uncertainty, expropriations of property and changes in applicable government policies and regulation such as business laws, environmental laws, indigenous peoples' land claims, entitlements or procedures and mineral rights and mining laws affecting the Company's business in that area. Any changes in regulations or shifts in political conditions are beyond the control or influence of the Company and may adversely affect its business, or if significant enough, may result in the impairment or loss of mineral concessions or other mineral rights, or may make it impossible to continue its mineral exploration and mining activities in such areas.

#### *Environmental Laws*

The exploration program conducted by the Company is subject to national, state and local regulations regarding environmental considerations. Most operations involving exploration or production activities are subject to existing laws and regulations relating to exploration and mining procedures, reclamation, safety precautions, employee health and safety, air quality standards, pollution of stream and fresh water sources, odor, noise, dust, and other environmental protection controls adopted by federal, state and local governmental authorities as well as the rights of adjoining property owners. The Company may be required to prepare and present to federal, state or local authorities data pertaining to the effect or impact that any proposed exploration or production of minerals may have upon the environment. All requirements imposed by any such authorities may be costly, time consuming, and may delay commencement or continuation of exploration or production operations.

#### *Operating Hazards and Risks*

The Company's operations are subject to hazards and risks normally associated with the exploration and development of mineral properties, any of which could cause delays in the progress of the Company's exploration and development plans, damage or destruction of property, loss of life and/or environmental damage. Some of these risks include, but are not limited to, unexpected or unusual geological formations, rock bursts, cave-ins, flooding, fires, earthquakes; unanticipated changes in metallurgical characteristics and mineral recovery; unanticipated ground or water conditions; industrial or labor disputes; hazardous weather conditions; cost overruns; land claims; and other unforeseen events. A combination of experience, knowledge and careful evaluation may not be able to overcome these risks.

The nature of these risks is such that liabilities may exceed any insurance policy coverages; the liabilities and hazards might not be insurable or the company might not elect to insure itself against such liabilities due to excess premium costs or other factors. Such liabilities may have a material adverse effect on the Company's financial condition and operations and could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the securities of the Company.

#### *Competition*

The mineral industry is competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

#### *Insurance Coverage*

Mineral exploration is subject to risks of human injury, environmental and legal liability and loss of assets. The Company may elect not to have insurance for certain risks because of the high premiums associated with insuring those risks or, in some cases, insurance may not be available for certain risks. Occurrence of events for which the Company is not insured could have a material adverse effect on the Company's financial position or results of operations.

#### *Key Executives*

The Company's operations require employees, consultants, advisors and contractors with a high degree of specialized technical, management and professional skills, such as engineers, trades people, geologists and equipment operators. The Company competes both locally and internationally for such professionals. If the Company is unable to acquire the talents it seeks then it could experience higher operating costs, poorer results and an overall lack of success in implementing its business plans.

The Company is dependent on the services of key senior executives and certain other vice-presidents and advisors. Each of these executives has many years of background in the mining industry. The Company may not be able to replace that experience and knowledge with other individuals which may result in a material adverse effect on the Company's business and financial performance.

## Supplemental Disclosure for Venture Exchange Issuers

The required disclosure is in note 8 in the audited consolidated financial statements for the years ended December 31, 2020 and 2019.

### Disclosure of Outstanding Share Data, Warrants and Options

#### A. Common Shares

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As of the date, of this report, the Company has issued and outstanding a total of 229,960,372 common shares (December 31, 2019: 189,954,440), with the changes from December 31, 2020 as described in the subsequent events note for the year ended December 31, 2020.

#### B. Common Share Purchase Warrants

As of the date of this report the Company had 40,592,500 share purchase warrants outstanding in accordance with the following schedule.

Expiry Date	Exercise price (Can\$)	Number
December 12, 2021	0.30	5,600,000
July 14, 2022	0.40	15,352,500
August 5, 2024	0.25	11,784,000
November 30, 2024	0.25	3,928,000
March 31, 2025	0.25	3,928,000

#### C. Stock options for the purchase of Common Shares

TriStar has established a stock option plan for directors, senior officers, employees, and consultants of TriStar and its subsidiaries. Under the terms of the plan, the options may be exercisable over periods of up to ten years at the option of the Board of Directors, and the exercise price of each option equals the closing market price of the Company's stock on the trading day immediately before the date of grant. Options are issued at the discretion of the Board of Directors and typically vest in full upon grant.

As of the date of this report, the company had a total of 6,685,000 stock options outstanding in accordance with the following schedule.

Expiry date	Exercise price (Can \$)	Number
September 27, 2022	0.25	2,375,000
October 19, 2022	0.25	150,000
February 7, 2023	0.28	100,000
August 1, 2024	0.17	400,000
November 26, 2024	0.20	2,360,000
October 27, 2025	0.28	400,000
December 17, 2025	0.245	300,000
January 18, 2026	0.27	300,000
February 7, 2026	0.25	300,000

In addition to the stock options granted to employees and consultants, the Company has granted underwriters in a number of its financings warrants to acquire common shares. A total of 554,250 agent compensation warrants are outstanding in accordance with the table below.

Expiry date	Exercise price (Can \$)	Number
December 12, 2021	0.20	554,250

## Financial Instruments

### *Non-derivative financial assets*

The Company recognizes all financial assets initially at fair value and classifies them into one of the following four categories: held-to-maturity, available-for-sale (“AFS”), loans and receivables or other financial assets, or fair value through profit or loss (“FVTPL”). Financial instruments held to maturity and loans and receivables are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income (loss).

The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) are based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Company is the closing bid price of the day.

The Company has classified cash and cash equivalents and receivables as loans and receivables.

The fair value of cash and cash equivalents and accounts receivable are approximated by their carrying value due to the short-term nature of these financial instruments.

### *Non-derivative financial liabilities*

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the statement of comprehensive income (loss). Other financial liabilities are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost.

Accounts payable and accrued liabilities and provisions are classified as other financial liabilities.

The fair value of accounts payable and accrued liabilities is approximated by their carrying value due to the short-term nature of these financial instruments.

### *Derivative instruments*

Derivative instruments are recorded at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recorded in net income or loss.

The Company’s share purchase warrants with exercise prices in Canadian dollars are derivative liabilities and accordingly, they are recorded at fair value at each reporting period, with the gains or losses recorded in the statement net income or loss.

## Financial Instruments and Management of Financial Risk

The Company is exposed to potential loss from various risks including currency risk, interest rate risk, liquidity risk, market risk and commodity price risk.

### **Market Risks**

The significant market risks to which the Company is exposed include commodity price risk, foreign exchange risk and interest rate risk.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At December 31, 2020, the financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and accounts receivable. The Company invests its cash balances in short-term, highly liquid and highly-rated financial instruments such as cash and short-term guaranteed deposits, all held with financial institutions in Canada and the United States. Management considers that its exposure to credit risk is low.

## **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its accounts payable and accrued liabilities. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalents to meet current liabilities as they become due.

## **Commodity Price Risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market price of gold. The Company does not have any properties in production and therefore has no sales revenue or cash flow from operations, nor does it undertake any hedging or other commodity price management techniques.

The international price of gold has historically fluctuated widely and is affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, the relative strength of the US dollar vis a vis other currency, the monetary policies of governments and forward sales by producers and speculators. The Company does not actively manage its commodity price risk for the price of gold.

## **Interest Rate Risk**

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

In respect of financial assets, the Company's policy is to invest cash at variable rates of interest in cash equivalents, in order to maintain liquidity. The Company is exposed to interest rate risk on its short-term investments which are included in cash and cash equivalents. The short-term investment interest earned is based on prevailing one to 90 days market interest rates which may fluctuate. The Company has not entered into any derivative contracts to manage this risk.

## **Currency risk**

The Company operates in United States of America, Canada, and Brazil. As a result, the Company has foreign currency exposure with respect to items not denominated in United States dollars. The three main types of foreign exchange risk of the Company can be categorized as follows:

### Transaction exposure

The Company operates and incurs costs in three main currencies; the US dollar, the Canadian dollar and the Brazilian real. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. The Company has not hedged its exposure to currency fluctuations.

### Translation exposure

A strengthening of the U.S. dollar by 10% against the Canadian dollar and the Brazilian real at December 31, 2020, with all other variables held constant would have decreased the Company's before tax net loss by approximately \$398,000 (December 31, 2019: a decrease of \$41,000) as a result of a change in value of the financial assets and liabilities denominated in those currencies.

### Exposure to currency risk

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the United States dollar: cash and cash equivalents, accounts receivables, prepaid expenses, accounts payables and other liabilities, provisions and warrants liability. The currencies of the Company's financial instruments and other foreign currency denominated liabilities, based on notional amounts, were as follows:

	<b>December 31, 2020</b>		December 31, 2019	
	Canadian dollar	Brazilian Real	Canadian dollar	Brazilian Real
Cash and cash equivalents	\$ 4,668,192	\$ 4,189	\$ 1,413,492	\$ 45,099
Accounts receivable	23,267	2,303	26,229	6,526
Prepaid expenses	152,247	3,413	349,942	-
Accounts payable and accrued liabilities	(50,213)	(375,650)	(155,936)	(398,727)
Provisions	-	(233,205)	-	(295,178)
Warrants liability	(3,212,827)	-	(2,044,923)	-
<b>Net balance sheet exposure</b>	<b>\$ 1,580,666</b>	<b>\$ (598,950)</b>	<b>\$ (411,196)</b>	<b>\$ (642,280)</b>

### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk or currency risk. As at December 31, 2020, the Company has negligible other price risk.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value.

- Level 1 inputs are unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (for example, interest rate and yield curves observable at commonly quoted interval and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at December 31, 2020, the Company's assets and liabilities measured at fair value on a recurring basis were as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Liabilities</b>			
Warrants liability	-	3,212,827	-
	<b>\$ -</b>	<b>\$ 3,212,827</b>	<b>\$ -</b>

The following table provides the carrying value and the fair value of financial instruments at December 31, 2020:

	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 10,022,590	\$ 10,022,590
Accounts receivable	25,570	25,570
	<u>\$ 10,048,160</u>	<u>\$ 10,048,160</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	\$ 421,506	\$ 421,506
<b>Derivative instruments</b>		
Warrants liability	\$ 3,212,827	\$ 3,212,827

### **Commitments and Contingencies**

The Company rents office space in the USA and equipment and houses in Brazil with expiration dates ranging between April and December 2021, for an estimated cost of approximately \$6,300 per month and are cancellable with agreed notice provisions.

The Company has various property access agreements related to its projects at an estimated cost of approximately \$1,400 per month.

There are no known pending legal proceedings of a material nature to which the Company or any of its subsidiaries is a party or to which any of their properties are subject.

### **Related Party Transactions**

Key management personnel compensation comprised:

	<b>Year Ended</b> <b>December 31, 2020</b>	<b>Year Ended</b> <b>December 31, 2019</b>
Short term employee benefits: Salaries	\$ 573,545	\$ 621,622
Consulting fees	497,589	177,988
Director fees	25,000	5,500
Stock-based compensation	91,036	189,549
	<u>\$ 1,187,170</u>	<u>\$ 994,659</u>

During year ended December 31, 2020, the Company paid consulting fees of \$497,589 (December 31, 2019: \$177,988) to directors and officers for advisory services.

For the year ended December 31, 2020, consulting fees, paid to directors and officers for advisory service, in the amount of \$426,860 (December 31, 2019: \$67,883) were reported in Mineral properties and deferred expenditures (Note 8) under exploration cost of the Castelo de Sonhos project, and the amount of \$70,729 (December 31, 2019: \$110,105) was recorded in the consulting fees account (Note 16) in the Consolidated Statements of Comprehensive Loss.

During the year ended December 31, 2020, the Company paid directors' fees of \$25,000 (December 31, 2019: \$5,500).

For the year ended December 31, 2020, stock option compensation in the amount of \$91,036 (December 31, 2014: \$189,549) received by key management personnel were recorded as capital reserve on the Consolidated Statement of Financial Position (Note 12 and Note 15). They were also included in the consulting and salaries expenses accounts (Note 16) in the Consolidated Statement of Comprehensive Loss.

As of December 31, 2020, the total number of outstanding warrants and options held by directors and officers of the Company was 500,000 units and 4,375,000 units, respectively (December 31, 2019: 500,000 units and 9,875,000 units, respectively).



During the years ended December 31, 2020 and 2019, the Company paid legal fees in the amounts of \$2,546 and \$6,663, respectively, to a company where one director has ownership interests. The amount mentioned was recorded in the professional fees account (Note 16) in the Consolidated Statement of Comprehensive Loss.

During the year ended December 31, 2020, directors and officers exercised a total of 3,205,000 stock options with a weighted average exercise price of Can\$0.19 for gross proceeds of \$460,615 which in addition to \$654,612 representing the fair value of the stock options, were allocated from capital reserve to common shares in the period (December 31, 2019: nil). Messrs. Hennigh, Jones, Vilhena and Brunson exercised 1,500,000, 1,300,000, 225,000 and 180,000 options respectively

During the year ended December 31, 2020, a total of 3,445,000 options granted to directors and officers with an average exercise price of Can\$0.18 expired unexercised (December 31, 2019: nil).

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and the Board of Directors.

## Critical Accounting Estimates

The following are critical judgments and key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that management has made in applying the Company's accounting policies which have the most significant effect on the amounts recognized in the consolidated financial statements and a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

### *Going concern*

Management considers whether there exists any event(s) or condition(s) that may cast doubt on the Company's ability to continue as a going concern. These considerations consider all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future commitments.

### *Functional currency*

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities within the group is the United States dollar.

### *Impairment of assets*

Management assesses each cash-generating unit at each reporting period to determine whether any indication of impairment exists. In addition, management assesses a cash-generating unit for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and its value in use. These assessments require the use of estimates and assumptions such as future capital requirements and assessments of preliminary assay results. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

### *Fair value of derivative financial instruments*

Management assesses the fair value of the Company's financial derivatives in accordance with the accounting policy stated in Note 4 to the consolidated financial statements. Fair values of warrants have been measured using the Black-Scholes model, considering the terms and conditions upon which the warrants are granted. These calculations require the use of estimates and assumptions. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the Company's financial derivatives. When these assumptions change or become known in the future, such differences will impact asset and liability carrying values in the period in which they change or become known.

At December 31, 2020, the fair value of the Company's warrants was estimated using the Black-Scholes option-pricing model with the following assumptions:

Expected dividend yield	0%
Expected volatility	71.69% to 78.94%
Risk-free interest rate	0.26% to 0.39%
Expected life	2 months to 4.2 years
Share Price	Can \$0.255

At December 31, 2019, the fair value of the Company's warrants was estimated using the Black-Scholes option-pricing model with the following assumptions:

Expected dividend yield	0%
Expected volatility	78.93%-96.41%
Risk-free interest rate	1.54% to 1.62%
Expected life	7 months to 60 months
Share Price	Can \$0.19

Fair value of stock options

The weighted average exercise price of options granted during the year ended December 31, 2020, was Can\$0.19 per option (December 31, 2019: Can\$0.20).

The weighted average fair value at grant date of options granted during the year ended December 31, 2019, was Can\$0.17 per option (December 31, 2019: Can\$0.14).

During the periods previously mentioned the estimated forfeiture rates were nil.

The fair value of options granted during the years ended December 31, 2020 and 2019, has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Expected dividend yield	0%	0%
Expected volatility	81.94% - 82.62%	94.35% - 97.39%
Risk-free interest rate	0.31% - 0.39%	1.41% - 1.46%
Expected life	5 years	5 years
Share price	Can\$0.24 – Can\$0.29	Can\$0.17 – Can\$0.20
Weighted average fair value of options granted	Can\$0.15 – Can\$0.19	Can\$0.12 – Can\$0.14

Option pricing models require the input of subjective assumptions including the expected price volatility, the expected life and forfeiture rate. Changes in these assumptions can materially affect the estimated fair value of the stock options granted. The expected price volatility used was based on the historic volatility of the Company's share price.

Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events which could result in a material outlay for the Company. The provision recognized in the accounts of the Company represents a possible tax liability in Brazil relating to the termination of certain employees in Brazil. The Company cannot predict with any level of certainty the amount or timing of this contingent liability, if one exists. The changes in the provisions mostly reflect changes in foreign exchange rates as the ultimate liability, if any, would be payable in the Brazilian Real.

The following table presents the changes in the Provisions:

	<u>Amount</u>
<b>Balance at December 31, 2019</b>	<b>\$ 295,178</b>
Change in provisions estimate	(61,973)
<b>Balance at December 31, 2020</b>	<b>\$ 233,205</b>

## **Disclosure Controls and Procedures and Internal Controls Over Financial Reporting**

Disclosure controls and procedures ("DC&P") are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate to allow timely decision-making regarding required disclosures. The Company's CEO and CFO have concluded that information required to be disclosed in the Company's annual and quarterly financial statements and the annual and quarterly MD&A have been disclosed and fairly presented as at each reporting date and they believe that processes are in place to provide them with sufficient knowledge to support such representation. However, a control system, no matter how well conceived and implemented can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Internal control over financial reporting ("ICFR") is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. ICFR should include those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with the Company's management and Board of Directors; and
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use of, or disposition of assets that could have a material impact on financial statements.

The Company is not required to certify the design and evaluation of its disclosure controls and procedures nor its internal controls over financial reporting as it is a venture exchange issuer, nor has the Company conducted a detailed investigation into these controls. Therefore, inherent limitations exist on the ability of the CEO and CFO to design and implement cost effective DC&P and ICFR for the Company and these limitations may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Management's Responsibility For Financial Statements**

The Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019 have been prepared by management and are in accordance with IFRS as issued by IASB. Financial information contained in this MD&A has also been prepared by management and is consistent with the data contained in the Company's annual audited financial statements for the years ended December 31, 2020 and 2019.

### **Off-Balance Sheet Arrangements**

As of the date of this report, the Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

### **Proposed Transactions**

The Company does not currently have any undisclosed proposed transactions approved by the Board of Directors. All existing transactions are fully disclosed in the Company's consolidated financial statements for the years ended December 31, 2020 and 2019.

### **Conflicts of Interest**

The Company's directors and officers may serve as directors and officers, or be associated with, other reporting companies or have significant shareholdings of other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the BC Business Corporations Act ("BCBCA") dealing with conflict of interest. These provisions state that where a director has such a conflict, that person must at a meeting of the Company's directors disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the province of British Columbia, the directors and officers of TriStar Gold are required to act honestly, in good faith, and in the best interests of the Company.

## Qualified Person

Mr. R Mohan Srivastava, a Vice-President of TriStar, a qualified person as defined in NI 43-101, has read and approved the technical portions of this Management's Discussion and Analysis.

## Cautionary Note Regarding Forward-Looking Statements and Information

Certain statements in the MD&A constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; success of operating initiatives; the success (or lack thereof) with respect to the Company's exploration and development operations on its properties; the Company's ability to raise capital and the terms thereof; the acquisition of additional mineral properties; changes in business strategy or development plans; exploration and other property write downs; the continuity, experience and quality of the Company's management; changes in or failure to comply with government regulations or the lack of government authorization to continue certain projects; the outcome of litigation matters, and other factors referenced from time to time in the Company's filings with securities regulators. The use in the following Management's Discussion and Analysis of such words as "believes", "plans", "estimates", "may", "could", "would", "might", "will", "anticipates", "expects", "intends" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Material factors and assumptions used to develop the forward-looking information include but are not limited to, the following: there will be adequate liquidity available to the Company to fund future operations; the Company will be successful in raising additional capital in this and future periods; the actual exploration results will be favorable; exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and hire skilled staff, all required regulatory and government approvals will be obtained in a timely manner on terms acceptable to the Company, applicable geo-political conditions are favorable for future investment, gold and commodity price and foreign exchange rates remain favorable, no title disputes arise with respect to the Company's properties and the Company will remain in compliance with applicable regulatory and contractual obligations.

These forward-looking statements are based upon the beliefs, expectations, reasonable investigation and opinions of management on the date such statements are made. The success of the Company is dependent on the efforts of the Company, its employees and many other factors including, primarily, its ability to raise additional capital and establishing the economic viability of any of its exploration properties.

It is the Company's policies that all forward-looking statements are based upon the Company's beliefs and assumptions which are based on and derived from information available to management at the time these assumptions are made. The forward-looking statements contained herein are based upon information available as at the effective date of this MD&A and are subject to change after this date. The Company assumes no obligation and has no policy for updating or revising forward looking information or statements to reflect new events or circumstances except as may be necessary under applicable securities law. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved and the underlying assumptions thereto will not prove to be accurate. Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of the numerous risks, uncertainties and other factors such as those described above and discussed under Risks and Uncertainties.

## Additional Information

Additional Information related to TriStar including material change notices, certifications of annual and interim filings, and press releases are available for review under the Company's profile in SEDAR at [www.sedar.com](http://www.sedar.com), and the Company's website at [www.tristargold.com](http://www.tristargold.com).