

# **Blackwolf Copper and Gold Ltd.**

(Formerly Heatherdale Resources Ltd)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTHS ENDED JULY 31, 2021**

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**For the Nine Months ended July 31, 2021**

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**GENERAL**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated financial statements (the "Financial Statements") of Blackwolf Copper and Gold Ltd. (the "Company" or "Blackwolf") for the three and nine months ended July 31, 2021 publicly filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company reports in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"s) (together, "IFRS"). The following disclosure and associated condensed consolidated financial statements are presented in accordance with IFRS. This MD&A is prepared as of September 29, 2021. Readers are also encouraged to consult the audited consolidated financial statements and MD&A for the year ended October 31, 2020.

All dollar amounts in this MD&A are expressed in **Canadian dollars**, unless otherwise noted. The audited consolidated financial statements and MD&A for the year ended October 31, 2020 were expressed in US dollars. See CHANGE IN SIGNIFICANT ACCOUNTING POLICIES below.

The references to 2021 and 2020 represent the Company's fiscal years ended October 31 respectively unless indicated otherwise and the three-month periods denoted by the letter "Q" are the Company's fiscal quarters.

Robert McLeod, P. Geo., is the Company's designated Qualified Person for this MD&A within the meaning of National Instrument 43-101 and has reviewed and approved the scientific and technical information described herein.

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**OVERVIEW**

Blackwolf was incorporated under the laws of the Province of Alberta, Canada on November 6, 2007, and continued under the laws of the Province of British Columbia, Canada on November 16, 2009. On April 20, 2021, the Company changed its name from Heatherdale Resources Ltd to Blackwolf Copper and Gold Ltd. The Company's corporate office is located at Suite 1800 – 555 Burrard Street, Vancouver, British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "BWCG".

Blackwolf's vision is to be an industry leader in transparency, inclusion and innovation. Guided by its vision, and through collaboration with local and Indigenous groups and stakeholders, Blackwolf builds shareholder value with its technical expertise in mineral exploration, engineering and permitting.

Blackwolf's holds a 100% interest in the advanced exploration-stage Niblack project (the "Niblack Project"), as well as recently staked Cantoo, Texas Creek and Casey gold-silver properties. The Niblack Project is located at tidewater on Prince of Wales Island (Taan), near the City of Ketchikan in southeast Alaska, USA and is endowed with volcanogenic massive sulphide ("VMS") mineralization including the Lookout and Trio deposits which host a NI43-101 compliant resource estimate of high-grade copper, gold silver and zinc (Refer to *Mineral Resource*). The Cantoo, Texas Creek and Casey gold-silver properties are located near the mining town of Hyder in southeast Alaska (the "Hyder Properties").

**HIGHLIGHTS**

- In December 2020, the Company completed a 1,774-meter surface drill program, in ten holes, at the historic Niblack mine site that confirmed a new geological interpretation of the deposit, thereby opening up the project for mineralization to be discovered within new areas. Results from this program were announced in May 2021 and highlights include:
  - LO20-213: 11.08 meters averaging 2.33% Cu, 2.98 g/t Au, 45.0 g/t Ag, 1.78% Zn or 5.52% Cu equiv.\*
  - LO20-213: 5.50 meters averaging 4.32% Cu, 1.36 g/t Au, 30.8 g/t Ag, 4.43% Zn or 7.15% Cu equiv.\*
  - LO20-215: 7.59 meters averaging 5.18% Cu, 2.66 g/t Au, 145.1 g/t Ag, 6.53% Zn or 10.75% Cu equiv.\*
  - LO20-215: 2.80 meters averaging 6.10% Cu, 2.56 g/t Au, 56.4 g/t Ag, 0.84% Zn or 8.76% Cu equiv.\*
  - LO20-219: 3.10 meters averaging 9.34% Cu, 4.25 g/t Au, 76.3 g/t Ag, 3.23% Zn or 14.25% Cu equiv.\*
  - LO20-222: 4.74 meters averaging 2.28% Cu, 0.33 g/t Au, 9.5 g/t Ag, 0.06% Zn or 2.63% Cu equiv.\*
  - LO20-224: 1.50 meters averaging 1.72% Cu, 8.02 g/t Au, 27.7 g/t Ag, 0.37% Zn or 7.78% Cu equiv.\*
- In February 2021, the Company announced a review of previous metallurgical testwork completed on the Niblack Project with the objective of completing additional testwork to improve gold and silver recoveries, as well as additional optimization work.
- In April 2021, the Company appointed Marilyne Lacasse, P. Geo as Vice-President of Exploration. Ms. Lacasse has over ten years of experience working in mineral exploration, ranging from Project Management of feasibility-staged underground to grassroots and project generation.
- In April 2021, the Company closed a non-brokered private placement comprised of 6,747,500 shares being issued at a price of \$0.80 per share, for aggregate gross proceeds of \$5.4 million. The Company paid a finder's fee of \$107,280 and issued 134,100 share purchase warrants exercisable to acquire one share in the capital of the Company at an exercise price of \$0.90 per share until April 15, 2022.

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- In April 2021, the Company changed its name to Blackwolf Copper and Gold Ltd and its TSX.V symbol to BWCG. In May 2021, the Company changed its OTC symbol to BWCGF.
  - During the first half of fiscal year 2021, the Company completed the rehabilitation, including electrical upgrades, of the 850-meter-long production-size exploration drift to enable safe access to conduct underground resource expansion and exploration drill programs.
  - During March and April 2021, the Company completed an 1,810-meter underground resource expansion and drill program, in five holes at the Lookout and Lookout Extension zones on the Niblack Project. Results from 4 or the 5 holes were announced in June 2021 and highlights include:
    - U21-226: 27.00 meters averaging 1.06% Cu, 1.87 g/t Au, 32.8 g/t Ag, 1.04% Zn or 3.08% Cu equiv.\*  
*including: 4.00 meters averaging 2.61% Cu, 4.93g/t Au, 76.58 g/t Ag, 2.34% Zn or 7.69% Cu equiv.\**
    - U21-227: 32.60 meters averaging 1.03% Cu, 1.49 g/t Au, 26.54 g/t Ag, 0.92% Zn or 2.67% Cu equiv.\*  
*including: 3.00 meters averaging 2.37% Cu, 3.29 g/t Au, 58.97 g/t Ag, 1.42% Zn or 5.78% Cu equiv.\**
- \*Metal equivalency value is based on the following prices: US\$3.25/lb Cu, US\$1,600/oz Au, US\$1.15/lb Zn and US\$20.75/oz Ag; it is noted that no adjustments were made in the metal equivalency calculation for metal recovery. Prices taken as an average of research analyst's long-term metal prices forecasts, April 2021. Mineralized intervals shown are drill length, true lengths are 70 to 90% of drill length.*
- In June 2021, the Company announced that it had acquired through staking, a 100% interest in numerous historic, high-grade gold-silver prospects and mines, located in the State of Alaska, north of the mining towns of Hyder, AK and Stewart, BC. A total of 389 Federal Claims were staked, covering 3,689 hectares consisting of the Texas Creek and Cantoo Properties, located immediately west of the Premier Gold Project and south of the past-producing Scottie Gold and Granduc Copper Mines.
  - In July 2021, the Company announced that it had acquired through staking, a total of 85 new Federal Claims, covering 711 hectares consisting of the Casey Property; the Hyder areas properties now comprise 4,400 hectares in three blocks (the "Hyder Properties").
  - In July 2021, the Company announced that Ryan Weymark had resigned as VP of Project Development and would continue as a technical advisor.

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**OUTLOOK**

The Company's near-term focus is to raise additional funds to conduct further exploration activities on the Niblack Project and Hyder Properties and general working capital. Additional work planned at Niblack includes underground drilling at the Lookout Deposit to extend the down-dip of the high-grade zone and step-out drilling to add to tonnage to the resource, step out surface drilling on the historic Niblack Mine and surface drilling on the Dama Zone. The Company will review results from the recently completed initial reconnaissance program that included mapping, prospecting, soil and rock sampling (results pending) on the Hyder Properties, and begin planning the exploration program for the next field season.

In addition, to the work on the Company's properties, the Company continues to build towards its vision and longer-term goal to realize a hub and spoke model with multiple mines feeding one mill site in a location to be determined. The Company continues to evaluate base and precious metal projects in proximity to the Niblack Project. The Company continues to engage and explore creative potential strategic partnerships with Indigenous groups.

**CHANGE IN SIGNIFICANT ACCOUNTING POLICIES**

***Change in Functional and Presentation Currency***

An entity's functional currency is the currency of the primary economic environment in which it operates. Effective November 1, 2020, the functional currency of the Canadian parent company and its Canadian subsidiary has changed to Canadian dollars ("CAD") from US dollars ("USD") as a result of the recent change in the underlying transactions, events and conditions. The functional currency of the Company's two US subsidiaries has remained unchanged and is USD. The new functional currency has been applied prospectively from November 1, 2020, in accordance with IAS 21.

To give effect of the change in functional currency, the assets, liabilities, and equity of the Canadian entities in USD on October 31, 2020, were converted into CAD dollars on November 1, 2020, at a fixed exchange rate of USD1.00 to CAD1.3318.

Also, effective November 1, 2020, the presentation currency was changed from USD to CAD. Prior period comparative numbers in the condensed consolidated financial statements have been restated to CAD dollars to provide meaningful comparable information.

In order, to derive comparatives for the Company and its subsidiaries, in the presentation currency of CAD:

- the USD dollar functional currency assets and liabilities were converted into CAD at period end rates. For 2020 and 2019 these were USD1.00 to CAD1.3318 and USD1.00 to CAD1.3160, respectively;
- Expenses and other income/expenses were converted at the average exchange rate for the reporting period. For 2020 and 2019 these were USD1.00 to CAD1.3460 and USD1.00 to CAD1.3286, respectively; and
- Items directly recognized in equity were translated using the historical rate at the time of the transaction.

Comparative information has been restated to apply the change in presentation currency from the earliest date possible.

Please refer to Note 3 in the condensed consolidated interim financial statement for the period ended July 31, 2021, for more information.

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**PROPERTIES**

**Niblack Project, Southeast Alaska**

The 6,200-acre Niblack Project is situated at tidewater on Prince of Wales Island (Taan), some 27 miles from the City of Ketchikan in southeast Alaska. Ketchikan is a community of 8,000 residents with important services to support project development, including a deep-water port and an international airport.

*History*

The Niblack Project has a history of mineral exploration, development, as well as some production. According to Alaskan Territorial Records, underground mining operations occurred from 1905-08 at the Niblack zone and produced approximately 20,000 tons grading 4.9% copper, 2.2 g/t gold and 30 g/t silver.

Prior to being placed on care and maintenance in 2012, previous work on Niblack Project included:

- Discovery of multiple VMS zones, including Lookout, Trio, Dama, Lindsay, Mammoth and the historical Niblack mine;
- Development of an 850-meter long underground drift and 150 meters of crosscuts: the underground access has facilitated cost-effective underground drilling;
- Initial metallurgical testwork returned recoveries to copper concentrate of 95% copper, 56% gold and 53% silver with payable metal factors of 96.5% for copper, 90.7% for gold and 89.5% for silver; recoveries to zinc concentrate are 93% zinc, 16% gold and 24% silver with payable metal factors of 85% for zinc, 80% for gold and 20% for silver;
- Completion of 120,000 meters of surface and underground drilling in 410 core holes, drilled by multiple operators between 1975 and 2012; and
- NI 43-101 Mineral Resource Estimates for the Lookout and Trio deposits completed in 2009, updated in 2011.

*Geology*

The geology of the Niblack Project consists of three main rock units: a Footwall Succession of primarily dacitic and basaltic volcanic and volcanoclastic rocks; a Felsic Succession of felsic flows and volcanoclastic rocks, and a Hanging Wall Succession, made up of mafic volcano-sedimentary rocks and basaltic flows. Most notable, the 100-200m Felsic Succession hosts all known VMS mineralization on the property. This thick sequence of prospective folded rhyolitic volcanic rocks extends for at least six miles across the property and hosts six known massive sulphide zones: the historic Niblack mine, the Lookout and Trio deposits and the Dama, Lindsay and Mammoth zones.

The Niblack Project stratigraphic package has been subject to multiple phases of deformation and greenschist facies metamorphism that occurred during the Middle Cambrian to Early Ordovician and the Middle Silurian to Early Devonian. Further deformation occurred during the accretion of the Alexander terrane to the Cordillera in the mid-Jurassic to Cretaceous. Folding on the property is north-verging, moderate to tight, and overturned. VMS mineralization deposits and prospects follow a property-scale synformal anticline-antiformal syncline pair.

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*Exploration Potential and Reinterpretation*

Previous operators interpreted the regional deformation to be a property-scale anticlinal-synclinal pair. However, in most recent stages of exploration and research, U-Pb age dating and analysis in sedimentary and volcanosedimentary beds led to the discovery that the stratigraphy is overturned. This breakthrough led to a reinterpretation of these folds as an overturned synformal anticline-antiformal syncline pair. This reinterpretation was not tested in previous exploration and opens a large new prospective area across the property based on the new projection of the permissive Niblack Felsic Succession. This reinterpreted model is driving current exploration, which is targeting and testing these newly defined prospective zones.

All of the known mineralized zones at Niblack Project remain open for expansion.

In December 2020, a 10-hole 1,774-meter drill program targeting extensions to mineralization at the historic Niblack mine site was completed. One of the primary purposes of this program was to test that a revised geological model interpreting that the volcanic stratigraphy is overturned. With two major, regional folding events, the revised interpretation is that the target area was a synform, rather than antiform as previously interpreted. This program was successful, intersecting high-grade polymetallic mineralization, as well as confirming the revised geological model. Assays were received in May 2021 and highlights (Refer to the Company's New Release May 3, 2021, for full results) include the following:

- LO20-213: 11.08 meters averaging 2.33% Cu, 2.98 g/t Au, 45.0 g/t Ag, 1.78% Zn or 5.52% Cu equiv.\*
- LO20-213: 5.50 meters averaging 4.32% Cu, 1.36 g/t Au, 30.8 g/t Ag, 4.43% Zn or 7.15% Cu equiv.\*
- LO20-215: 7.59 meters averaging 5.18% Cu, 2.66 g/t Au, 145.1 g/t Ag, 6.53% Zn or 10.75% Cu equiv.\*
- LO20-215: 2.80 meters averaging 6.10% Cu, 2.56 g/t Au, 56.4 g/t Ag, 0.84% Zn or 8.76% Cu equiv.\*
- LO20-219: 3.10 meters averaging 9.34% Cu, 4.25 g/t Au, 76.3 g/t Ag, 3.23% Zn or 14.25% Cu equiv.\*
- LO20-222: 4.74 meters averaging 2.28% Cu, 0.33 g/t Au, 9.5 g/t Ag, 0.06% Zn or 2.63% Cu equiv.\*
- LO20-224: 1.50 meters averaging 1.72% Cu, 8.02 g/t Au, 27.7 g/t Ag, 0.37% Zn or 7.78% Cu equiv.\*

Rehabilitation of the 850-meter exploration drift, including electrical upgrades was completed during the first half of fiscal year 2021 to permit safe access to conduct underground resource expansion and exploration drilling.

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During the months of March and April 2021, five holes, totaling 1,810 meters of NQ2 core were completed underground at the Lookout Deposit. The primary objectives of this program were: 1) resource expansion drill holes targeting massive sulphide mineralization approximately 300 meters away from the underground ramp; 2) exploration drill holes to test for the down dip extension of the Lookout mineralized horizon and exploration to the west of the Bluebell strike-slip fault, which runs shallowly oblique to the Lookout Zone. Two resource expansion drill holes intersected much wider intervals than expected from previous modelling, with remarkably consistent polymetallic grades within the Lookout Zone. Two exploration drill holes up and down-dip of the deposit encountered encouraging base and precious metal intervals within the prospective massive sulphide horizon. Assays were received in June 2021 and highlights (Refer to the Company's New Release June 16<sup>th</sup> for full results) include the following:

- U21-226: 27.00 meters averaging 1.06% Cu, 1.87 g/t Au, 32.8 g/t Ag, 1.04% Zn or 3.08% Cu equiv.\*  
*including: 4.00 meters averaging 2.61% Cu, 4.93g/t Au, 76.58 g/t Ag, 2.34% Zn or 7.69% Cu equiv.\**
- U21-227: 32.60 meters averaging 1.03% Cu, 1.49 g/t Au, 26.54 g/t Ag, 0.92% Zn or 2.67% Cu equiv.\*  
*including: 3.00 meters averaging 2.37% Cu, 3.29 g/t Au, 58.97 g/t Ag, 1.42% Zn or 5.78% Cu equiv.\**

*\*Metal equivalency value is based on the following prices: US\$3.25/lb Cu, US\$1,600/oz Au, US\$1.15/lb Zn and US\$20.75/oz Ag; it is noted that no adjustments were made in the metal equivalency calculation for metal recovery. Prices taken as an average of research analyst's long-term metal prices forecasts, April 2021. Mineralized intervals shown are drill length, true lengths are 70 to 90% of drill length.*

Mineral Resources

The Niblack Project mineral resources tabulated below were estimated for copper (Cu), gold (Au), zinc (Zn) and silver (Ag) in November 2011 for the Lookout and Trio deposits. The estimate employed three-dimensional geostatistical modeling techniques and utilized a database of 373 drill holes.

LOOKOUT AND TRIO MINERAL RESOURCES at a \$50 NSR cutoff					
INDICATED					
Deposit	Tonnes	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)
Lookout (sulphide)	5,638,000	0.95	1.75	1.73	29.52
<b>TOTAL</b>	<b>5,638,000</b>	<b>0.95</b>	<b>1.75</b>	<b>1.73</b>	<b>29.52</b>
INFERRED					
Deposit	Tonnes	Cu (%)	Au (g/t)	Zn (%)	Ag (g/t)
Trio (sulphide)	1,023,000	1.00	1.11	1.56	16.56
Lookout (sulphide)	2,370,000	0.73	1.42	1.17	21.63
<b>TOTAL</b>	<b>3,393,000</b>	<b>0.81</b>	<b>1.32</b>	<b>1.29</b>	<b>20.10</b>

Notes to the above table:

Net Smelter Return ("NSR") cutoffs stated above and below use long-term metal forecasts: gold \$1,150/oz, silver \$20.00/oz, copper \$2.50/lb, and zinc \$1.00/lb; and recoveries to Cu concentrate of 95% Cu, 56% Au and 53% Ag with payable metal factors of 96.5% for Cu, 90.7% for Au, and 89.5% for Ag; and to Zn concentrate of 93% Zn, 16% Au, and 24% Ag with payable metal factors of 85% for Zn, 80% for Au and 20% for Ag. Detailed engineering studies will determine the best cutoff.

A continuous, higher-grade zone occurs within the indicated resources of the Lookout Zone that comprises 1.16 million tonnes grading 1.71% Cu, 3.21 g/t Au, 3.83% Zn and 62.68 g/t Ag at a \$150 NSR cutoff. The Company



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believes there is also potential to increase overall mineral resources in the Lookout deposit, as the deposit remains open in several areas. In addition, the mineralization at the Trio deposit is still open in three directions.

The mineral resources were estimated by Deon Van Der Heever, Pr. Sci. Nat., a Qualified Person who was not independent of the Company. The estimates were reviewed and verified by Marek Nowak, PEng., SRK Consulting, as described in a technical report, effective date November 2011, filed under Blackwolf's profile at [www.sedar.com](http://www.sedar.com).

*Metallurgy*

In 2009, metallurgical testwork was conducted and average results include recoveries to copper concentrate of 95% copper, 56% gold and 53% silver with payable metal factors of 96.5% for copper, 90.7% for gold and 89.5% for silver; recoveries to zinc concentrate are 93% zinc, 16% gold and 24% silver with payable metal factors of 85% for zinc, 80% for gold and 20% for silver.

In early 2021, the Company retained Ausenco Canada Ltd ("Ausenco") to complete a review of previous metallurgical testwork with the objective of improving gold and silver recoveries. The Niblack deposit contains gold content that is noticeably higher than the average for volcanogenic systems, which presents an opportunity to add significant value through improved recovery methods. Following the completion of the review, Ausenco has made several recommendations for additional metallurgical testwork, which will form the basis of the Phase I program.

The key highlights from this initial review include:

- Most gold and silver losses were associated to the rougher tails. Low penalty element concentration was observed in copper concentrate for both composites with very clean zinc concentrate.
- The primary minerals of interest for the Niblack Project are chalcopyrite, sphalerite, electrum and gold and silver tellurides. The precious metals of interest are gold and silver. Use of alternative collectors may improve the recovery of precious metals from electrum and tellurides. A finer primary grind size should improve the revenues from precious metals.
- A metal correlation analysis completed for the samples available for testing indicates considerable variability of mineral assemblage.
- A preliminary heterogeneity analysis indicates the Niblack deposit is amenable to ore preconcentration. The results show potential to reject up to 40% of mass with minimal loss of copper and gold with ore preconcentration.

Ausenco had made several recommendations for additional metallurgical testwork and the Company has commenced a Phase I metallurgical studies to optimize recoveries at Niblack. The Phase 1 program will be managed by Ausenco and will include the following:

- Completion of a more in-depth desktop bulk ore sorting analysis.
- Test dithiophosphate collectors and other collectors to improve precious metal recovery.
- Conduct further primary grind size optimization test work to maximize precious metals recovery to copper concentrate.
- Test finer regrind size after assessing changes in collector and primary grind size.
- Test pyrite flotation to better quantify opportunities to optimize tailings disposal.
- Conduct comminution tests after the flotation grind sizes are confirmed.
- Test variability of the deposit using discrete samples and geo-metallurgy composites to de-risk the project and allow for more flexibility on project optimization.

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*Engineering*

The 2011 Mineral Resource estimate established a base on which to initiate engineering studies for the Niblack Project. Preliminary studies of site logistics and infrastructure for potential mine development indicate the advantages of direct-shipping mineralized material from an underground mine at the Niblack Project to an offsite location for milling and metallurgical treatment. Potential locations were identified for the processing plant and tailings storage facility. Two of these are industrial sites in the Ketchikan area and, as such, each has access to a skilled workforce, existing transportation infrastructure, and hydroelectric power. The Company expects this work and results from new drilling to be used in future technical reports.

In 2012, Blackwolf's subsidiary, Niblack Project LLC, signed a Memorandum of Understanding ("MOU") with the Ketchikan Gateway Borough ("Blackwolf-KGB MOU"), whereby the parties will work cooperatively to assess the suitability of one of these sites, called the Gravina Island Industrial Complex ("GIIC"), for a mill and tailings facility for the Niblack Project.

In 2013, Blackwolf's subsidiary, Niblack Project LLC, signed a MOU (the "Blackwolf-AIDEA MOU") with the Alaska Industrial Development and Export Authority ("AIDEA")<sup>1</sup> to work together to evaluate the potential for processing, port and tailings storage facilities at the GIIC site near Ketchikan and to investigate infrastructure requirements at the Niblack site on Prince of Wales Island regarding the suitability for AIDEA involvement. In June 2014, Senate Bill 99 ("SB 99") was signed into law, which authorizes AIDEA at its discretion once it has completed its due diligence process, to issue bonds up to a maximum of \$125 million to finance infrastructure and construction costs of the Niblack Project. Infrastructure and construction costs include a mineral processing mill, and associated dock, loading and related infrastructure at the GIIC, and infrastructure at the Niblack Project site on Prince of Wales Island. The infrastructure facilities would be either owned or financed by AIDEA.

*Environmental*

Environmental and monitoring work continued in 2021 commensurate with existing permits for the site.

The Company continues to review and seek amendments to existing permits to ensure planned work for 2021 and 2022 complies and permits align. Blackwolf's subsidiary Niblack Project LLC has entered into a Memorandum of Understandings ("MOUs") with the Alaska Department of Natural Resources ("DNR"), under the authority of Alaska Statue 38.05. The purpose of these MOUs is to establish a framework for DNR to coordinate the efforts and services of state agencies for the review and processing of future permitting requirements for exploration and development of the Niblack Project. In addition, the Company is seeking under these MOUs the issuance of renewals for its Waste Management Permit and Alaska Pollutant Discharge System ("ADPES") Permit, both of which have been administratively extended by state agencies.

Additionally, in 2021 the Company completed a review of all existing baseline environmental work completed at Niblack Project to date, and an assessment of additional baseline environmental programs required for the development of the Niblack Project.

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<sup>1</sup> AIDEA is a public corporation of the State of Alaska with a mission to promote, develop, and advance economic growth and diversification in the state by providing financing and investment.

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**Other Properties: Hyder Properties (Texas Creek, Cantoo and Casey), Southeast Alaska**

In May and July of 2021, the Company acquired 100% interest in three high-grade gold-silver claim blocks, being referred to as the Texas Creek, Cantoo Mountain and Casey properties, located in the State of Alaska, north of the mining towns Hyder, AK and Stewart, BC.

The Hyder area properties cover some of the last unexplored areas of the Golden Triangle, with very limited modern exploration. Most historic exploration and limited production occurred during the 1920's to 1950's. Of the multiple known mineral showings on the properties, the Company's priority targets include: 1) Solo Mine on the Texas Creek property, where miners tunneled under glacial ice to explore for the source of electrum stringers identified in glacial transported boulders. Significant glacial melt has occurred in the area. 2) Cantoo Mountain, which is underlain by a synvolcanic intrusive that is potentially the metallogenic feeder to the Premier and Big Missouri epithermal gold-silver deposits. Numerous high-grade gold and silver values were returned by US government geologists collected during the early and mid-1990s.

Subsequent to the quarter end the Company completed an initial reconnaissance exploration work including: mapping, prospecting and rock and soil sampling.

*Texas Creek Property*

The Texas Creek property consists of 326 claims covering 3,163 – hectare claim block located 19 kilometers northwest of Hyder, AK.

Texas Creek hosts multiple historic prospects and small-scale past-producing gold and silver mines, hosted within a similar geological setting to large, high-grade gold silver deposits in the Golden Triangle. In the 1920s and 1930s, Blasher, Double Anchor, Ibex, Homestake, Silver Bell, Silver King, Silver Coin, Silver Star, Lake and Morning Star prospects were discovered.

Country rocks are primarily volcanic and sedimentary rocks of the earliest Jurassic Hazelton group and various phases of synvolcanic intrusive. The Company's current assay data set is from prospect documentation work completed by US Government geologists in the 1990's. Other historical work describes details of miners using steam to 'construct thousands of feet of ice tunnels' at the margins of a glacier, exploring for the source of 'electrum float'. Some veining was discovered in 1937 and mined. There has been significant melting of alpine glaciers over the past century. During the 1990's, US Government geologists' sampling identified multiple veins and shears hosting gold and silver. Of 31 samples collected, gold and silver values range from trace to 37.5 g/t Au and trace to 1,168 g/t Ag. 16 samples returned over 1.0 g/t Au, with individual samples including: 8.1 g/t Au and 742.6 g/t Ag, 6.8 g/t Au and 1,045 g/t Ag, 37.5 g/t Au and 56.9 g/t Ag, 15.4 g/t Au and 339.1 g/t Ag, 32.4 g/t Au and 62.7 g/t Ag; 24.7 g/t Au and 118.6 g/t Ag. At the nearby Silver King showing, four samples were collected: two grab samples returned 12.5 g/t Au and 604.1 g/t Ag as well as 14.6 g/t Au and 867.8 g/t Ag.\*\*

Numerous prospects, adits and small-scale mines span a seven-kilometer-long area north of Texas Creek. Limited US government sampling returned strong gold-silver values, including: a one-meter-long channel sample at the Blasher prospect of 5.0 g/t Au and 550 g/t Ag. 12 samples were collected at the Double Anchor showing; three samples assayed over 1.0 g/t Au, including a grab sample of 36.8 g/t Au and 207 g/t Ag. At the Homestake mine, which direct shipped vein mineralization, nine samples were collected with eight assaying over 1.0 g/t Au. Highlights include: 5.8 g/t Au and 877 g/t Ag and 14.5 g/t Au with trace silver in channel samples.\*\*

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*Cantoo Property*

The Cantoo property consists of 63 claims covering 527 – hectare claim block located 15 kilometers northwest of Hyder, AK.

The Cantoo property is located immediately west of the Canadian border, west of the Ascot Resources' Premier, Silver Coin and Big Missouri deposits. The property is underlain by the Texas Creek stock, a dioritic synvolcanic intrusive that was the feeder to host rocks and mineralization at the nearby deposits. The geological target and exploration concept is similar to the large, intrusive-related and porphyry copper, molybdenum and gold deposits such as Snowfield, Treaty, Kerr and Mitchell that are located adjacent east of the high-grade Brucejack mine.

Cantoo property is mostly covered with vegetation, however local exposures of strongly altered intrusive rocks host high-grade gold-silver mineralization, often with significant copper, molybdenum, barium, lead and zinc. Quartz veins hosting gold and silver mineralization over 10 meters wide were reported by US Government Geologists. Limited direct shipping mineralization was recovered on surface without blasting, with 20 tons reportedly shipped in the 1920s. US government geologists collected 19 samples, six of which assayed over 1.0 g/t Au. Individual samples include: 18.5 g/t Au and 1,206 g/t Ag, 9.2 g/t Au and 1,173 g/t Ag and 27.7 g/t Au and 13.5 g/t Ag.\*\*

*Casey Property*

The Casey property consists of 85 claims covering 711 – hectare claim block comprised of 85 claims. The property is located less than 1 kilometer south of the Texas Creek property, 10 kilometers due west of the past-producing Premier Gold Mine, 13 kilometers south of the past producing Granduc Copper Mine, and 15 kilometers southwest of the past-producing Scottie Copper Mine.

The Casey property hosts several historic precious and base metal prospects, occurring within a similar geological setting to significant mineral deposits in the Golden Triangle. Country rocks are primarily volcanic and sedimentary rocks of the earliest Jurassic Hazelton Group and various phases of primarily dioritic synvolcanic intrusive, that comprise the Texas Creek Stock. The primary target at Casey is to locate the bedrock source of subcropping and glacially transported massive and semi-massive sulphides, primarily sphalerite, galena, chalcopyrite, pyrite and pyrrhotite within volcanic rocks. Boulders were reported to be up to one meter in diameter. Of 35 historic float, subcrop, grab and channel samples taken on the property, 17 Assayed over 1% zinc including eight over 10% zinc, often with high base and precious metals. Individual high-grade samples include: 5.0 g/t Au, 62.4 g/t Ag, 0.1% Cu and 29.5% Zn; 195.4 g/t Ag, 2.0% Cu, 2.6%Zn; 300.3 g/t Ag, 0.3% Cu, 6.8% Pb and 19.0% Zn and 680.6 g/t Ag, 15.9% Pb and 2.6% Zn\*\*. Since the sampling programs in 1992 and 1995, the three areas of glacial ice where mineralized subcrop or prospects have been identified have seen significant melting and new exposure of outcrop. An ice sheet almost one kilometer long in the center of the claim block has almost completely disappeared over the past 25+ years.

Additionally, the Engineer Mine is located on the eastern side of the Casey property that was actively explored during the 1920s and 30s. Historic sampling by US Department of Mines geologists returned high-grade gold and silver values. Of 20 grab and channel samples collected, samples ranged from trace to 26.3 g/t Au and 366.9 g/t Ag. 11 samples assayed over 1.0 g/t Au, with individual samples including: 14.5 g/t Au and 366.9 g/t Ag; 26.3 g/t Au and 63.42 g/t Ag; 12.62 g/t Au and 47.3 g/t Ag; 14.7 g/t Au and 168 g/t Ag

*\*\* Blackwolf's current assay data set is from prospect documentation work completed by US Federal Government geologists in the 1990's. These assay results are historical in nature, were collected and reported by US Government Geologists prior to 2001 and NI 43-101, have not been verified by Blackwolf and should not be relied upon.*

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**COMMUNITY AND INDIGENOUS GROUP ENGAGEMENT**

The Company continues to have meaningful engagement with its project stakeholders and Indigenous groups, where possible, either via teleconference or video conference. The Company is committed to identifying, building on its current and new relationships, establishing effective and open mechanisms for communication in areas where its operations may touch as management develops its current and long-term plans to achieve the Company's vision.

**SUMMARY AND DISCUSSION OF QUARTERLY RESULTS**

All monetary amounts in the table below are expressed in thousands of Canadian dollars except per share amounts and where otherwise indicated. Minor differences are due to rounding.

Statements of Comprehensive (Income) Loss	Jul 31 2021	Apr 30 2021	Jan 31 2021	Oct 31 2020	Jul 31 2020	Apr 30 2020	Jan 31 2020	Oct 31 2019
	Q3-2021	Q2-2021	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019
<b>Expenses</b>								
Exploration and evaluation	\$1,078	\$ 2,276	\$ 1,827	\$ 503	\$ 36	\$ 40	\$ 49	\$ 115
General and administration	711	582	661	795	168	97	90	57
Loss (income) from operating activities	1,789	2,858	2,488	1,297	204	137	138	172
Other (income) expense items <sup>1</sup>	13	(20)	3	118	(75)	(226)	(54)	(15)
Net (Income) loss	\$1,802	\$ 2,838	\$ 2,491	\$ 1,415	\$ 128	\$ (89)	\$ 84	\$ 157
Basic and diluted (income) loss per common share	\$0.06	\$ 0.12	\$ 0.07	\$ 0.07	\$ 0.01	\$ (0.01)	\$ 0.01	\$ 0.02

Note

1. Include foreign exchange differences, finance income, fair value adjustments on financial instruments carried at fair value, rental income and other income.

Significant variances in the Company's reported loss/(income) from quarter to quarter most commonly arise from several factors that are difficult to anticipate in advance or to predict from past results. These factors include: (i) level of exploration and project evaluations expenses incurred and (ii) the vesting of incentive stock options, which results in the recording of amounts for share-based compensation expense that can be quite large in relation to other general and administrative expenses incurred in any given quarter.

Prior to Q4 2020 the Company was inactive and its main project was on care and maintenance. In Q3 2020 the Company was restructured and became active with the settlement of related party payables resulting in a gain of \$608,977 being recorded to amounts being forgiven. In addition, in Q3 2020, the Company recorded a loss on settlement of convertible debenture of \$420,000.

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**RESULTS OF OPERATIONS**

The following financial data is expressed in Canadian dollars unless otherwise specified. Minor differences are due to rounding.

***For the Three Months Ended July 31, 2021***

For the three months ended July 31, 2021, the Company recorded a net loss of \$1,802,010 or \$0.06 per share as compared to net loss for the prior comparative period of \$128,273 or \$0.01 per share in 2020. The significant variances between the periods include:

- Exploration and evaluation expenditures have increased to \$1,078,019 (2020 - \$36,193) as result of the upgrades being completed at Niblack, including the camp, fuel storage, underground support and core processing to accommodate larger programs and the costs associated with staking the Hyder properties.
- Management and director fees, wages and benefits increased to \$330,576 (2020 - \$87,506) as result of the Company restructuring and engaging new management and directors during the second half of calendar year 2020.
- Marketing and investor relations expenditures increased to \$36,499 (2020 - \$12,270) as result of the increased shareholder communication and marketing activities.
- Share-based compensation expense increased to \$161,943 (2020 - Nil) due to option grants vesting over various terms. No options outstanding in the comparative period.
- In 2020, Other income/expense included a gain on settlement of the related party payables of \$608,977 and a loss on settlement of the convertible debenture of \$420,000. There were no comparative transactions in 2021.

***For the Nine Months Ended July 31 2021***

For the nine months ended July 31, 2021, the Company recorded a net loss of \$7,131,940 or \$0.29 per share as compared to net loss for the prior comparative period of \$123,834 or \$0.01 per share in 2020. The significant variances between the periods include:

- Exploration and evaluation expenditures have increased to \$5,181,546 (2020 - \$124,488) as result of the Niblack Project being taken off care and maintenance, the exploration drift being rehabilitated, surface and underground drill program totaling approximately 3,600 meters being completed, site upgrades and the costs associated with staking the Hyder claims.
- Management and director fees, wages and benefits increased to \$781,852 (2020 - \$168,294) as result of the Company restructuring and engaging new management and directors during the second half of calendar year 2020.
- Professional services increased to \$226,686 (2020 - \$74,138) as result of costs associated with property acquisition analysis and financial advisory fees.
- Marketing and investor relations expenditures increased to \$192,261 (2020 - \$13,907) as result of the increased shareholder communication and marketing activities.

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- Share-based compensation expense increased to \$500,098 (2020 – Nil) due to option grants vesting over various terms. No options outstanding in the comparative period.
- In 2020, Other income/expense included a gain on settlement of the related party payables of \$608,977 and a loss on settlement of the convertible debenture of \$420,000. There were no comparative transactions in 2021.

***Investing Activities***

Net cash used by the Company in investing activities for the nine months ended July 31, 2021, was \$563,135 for the purchase of site equipment and computers included in Equipment.

***Financing Activities***

During the nine months ended July 31, 2021, the Company received net proceeds from a private placement financing of \$5,262,980 and \$101,268 from the exercise of stock options and warrants.

***Off-Balance Sheet Arrangements***

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

**LIQUIDITY AND CAPITAL RESOURCES**

The Company has no operations that generate cash flow. The Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company and its management. To date, the Company's major source of funding has been through the issuance of equity securities and the issue of a convertible debt instrument, primarily through private placements. The Company has also previously raised funds through secured loans and unsecured convertible loans. In order, for exploration and development companies, to continue funding their activities and corporate costs they are usually reliant on ongoing ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for the commodities that are being explored for, a company's track record, and the experience and caliber of a company's management. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities.

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***Cash and Financial Condition***

As of July 31, 2021, the Company had cash and cash equivalents of approximately \$1.8 million, working capital of approximately \$1.9 million.

The Company believes that the current capital resources are not sufficient to pay overhead expenses and additional exploration activity for the next twelve months and will need to seek additional funding to fund these expenditures. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

**TRANSACTIONS WITH RELATED PARTIES**

***(a) Related Party Transactions***

During the nine months ended July 31 2021, the Company paid or accrued \$117,907 (2020 - Nil) for office space to a private company controlled by a common director.

***(b) Key Management Compensation***

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President & Chief Executive Officer, Chief Financial Officer, and appointed officers of the Company and Directors. For the nine months ended July 31 2021, total key management compensation was \$964,882 (2020 - \$84,481) which includes management fees and salaries of \$570,083 (2020 - \$84,481) and share based compensation of \$394,799 (2020 - \$Nil).

**PROPOSED TRANSACTIONS**

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course.

**CRITICAL ACCOUNTING ESTIMATES, JUDGEMENT AND ASSUMPTIONS**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are based on historical experience and other factors considered to be reasonable and are reviewed on an ongoing basis. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Measurement uncertainties are described in the Company's audited consolidated financial statements for the year ended October 31, 2020.



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**1.12 FINANCIAL INSTRUMENTS**

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. Measurement in subsequent periods depends on the classification of the financial instrument. A description of financial instruments and their fair value is included in the audited consolidated financial statements for the year ended October 31, 2020, filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.blackwolfcopperandgold.com](http://www.blackwolfcopperandgold.com).

**1.14 DISCLOSURE OF OUTSTANDING SHARE DATA**

The following details the share capital structure as of the date of this MD&A:

Common shares issued and outstanding	29,074,034
Share options	1,787,500
Warrants	134,100

**1.15 RISK FACTORS**

See the risk factors disclosed in the Company's annual Management's Discussion & Analysis for the year ended October 31, 2020 and filed on March 1, 2021 for a detailed discussion of the Company's risk factors.

**1.16 ADDITIONAL INFORMATION**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.blackwolfcopperandgold.com](http://www.blackwolfcopperandgold.com).

### **Cautionary Note Regarding Forward Looking Statements**

The above discussion includes certain statements that may be deemed "forward-looking statements".

All statements in this disclosure, other than statements of historical facts, that address permitting, exploration drilling, exploitation activities and events or developments that the company expects, including statements regarding the Company's plans for 2021 on its Niblack Project and otherwise, the planned targeting and testing of the reinterpreted model for the Niblack Project, the potential to increase the overall mineral resource on the Niblack Project, the belief that value may be added to the Niblack Project through improved recovery methods and the planned components of the Phase II program and the timing of such components, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. In consideration of forward-looking statements, the Company has made certain assumptions including but not limited to, the expectation that its exploration, development and engineering and financial assessment of the Niblack Project will be positive and that will be able to obtain all required environmental and other permits and all land use and other licenses and financing to develop a commercial mining operation. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continuity of mineralization, potential environmental issues and liabilities associated with exploration, development and mining activities, uncertainties related to the ability to obtain necessary permits, licenses and title and delays due to third party opposition, changes in government policies regarding mining and natural resource exploration and exploitation, continued availability of capital and financing, complications arising as a result of the COV-ID pandemic and general economic, market or business conditions. 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. For more information on the Company, investors should review the Company's continuous disclosure filings that are available at [www.sedar.com](http://www.sedar.com).

Forward-looking statements are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved".

The Company reviews its forward-looking statements on an ongoing basis and updates this information when circumstances require it.

**Cautionary Note to U.S. Investors Regarding Mineral Resource Estimates**

Information regarding mineral resource estimates has been prepared in accordance with Canadian securities laws, which differ from the requirements of United States Securities and Exchange Commission ("SEC") Industry Guide 7. In October 2018, the SEC approved final rules requiring comprehensive and detailed disclosure requirements for issuers with material mining operations. The provisions in Industry Guide 7 and Item 102 of the Regulation S-K, have been replaced with a new subpart of 1300 of Regulation S-K under the United States Securities Act and will become mandatory for SEC registrants after January 1, 2021. The changes adopted are intended to align the SEC's disclosure requirements more closely with global standards as embodied by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), including Canada's NI43-101 and CIM Definition Standards. Under the new SEC rules, SEC registrants will be permitted to disclose "mineral resources" even though they reflect a lower level of certainty than mineral reserves. Additionally, under the New Rules, mineral resources must be classified as "measured", "indicated" or "inferred", terms which are defined in and required to be disclosed by NI 43-101 for Canadian issuers and are not recognized under SEC Industry Guide 7. An "Inferred Mineral Resource" has a lower level of confidence than that applying to an "Indicated Mineral Resource" and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of "Inferred Mineral Resources" could be upgraded to "Indicated Mineral Resources" with continued exploration. Accordingly, the mineral resource estimates and related information may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal laws and the rules and regulations thereunder, including SEC Industry Guide 7. U.S. investors are cautioned not to assume that any part of an inferred mineral resource exists or is economically or legally mineable.