



NIGHTHAWK

GOLD CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020

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The following management's discussion and analysis ("MD&A") is management's assessment of the results and financial condition of Nighthawk Gold Corp. ("**Nighthawk**" or the "**Company**") and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 ("**Q4 2020**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts are in Canadian dollars, unless otherwise noted. The date of this MD&A is March 30, 2021. Nighthawk's common shares trade on the Toronto Stock Exchange ("**TSX**") under the symbol "NHK". Its most recent filings, including the Company's Annual Information Form ("AIF") for the fiscal year ended December 31, 2020 are available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") www.sedar.com.

Under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("**NI 43-101**"), Richard Roy, P.Geo., a member of the Ordre des géologues du Québec ("**OGQ**"), and the Northwest Territories Association of Professional Engineers and Geoscientists ("**NAPEG**"), the Vice President of Exploration with Nighthawk, is the "Qualified Person" as defined by NI 43-101, and has reviewed and approved all technical disclosure contained in the MD&A.



Please refer to “NI 43-101 Technical Report and Up-Date of the Mineral Resource Estimate for the Indin Lake Gold Property, Northwest Territories, Canada”, dated March 30, 2021, as filed under the Company’s profile on www.sedar.com.

1. DESCRIPTION OF BUSINESS

Nighthawk is a Canadian-based gold exploration company with 100% ownership of the Indin Lake Gold Property, a large, district-scale land position located 200 km north of Yellowknife, Northwest Territories (“NWT”), Canada. Nighthawk controls over 90% of a vastly underexplored Archean gold camp encompassing a total land package of 229,791 acres or 930 square kilometres (“km”) within the Indin Lake Greenstone Belt.

Since its incorporation, mineral exploration activities have been Nighthawk’s sole business and the Company has not conducted any revenue generating operations to date. As at December 31, 2020, Nighthawk had working capital of \$7.9 million (including cash of \$8.3 million), exploration and evaluation assets of \$11.2 million, restricted cash of \$4.7 million, and long-term liabilities, which primarily consisted of a provision for service obligation of \$3.0 million and a flow-through share premium liability of \$1.1 million. As of December 31, 2020, the Company has flow-through expenditure commitments of \$5.4 million which must be spent by December 31, 2021.

During the year, there was a global outbreak of COVID-19 (“**Coronavirus**”), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact the Coronavirus outbreak may have on the Company is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the spread of the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, and staff shortages, all of which may negatively impact the Company’s business and financial condition.

In light of the Coronavirus pandemic, Nighthawk suspended exploration activities on its Indin Lake Gold Property, temporarily closing its camp on April 5, 2020, as precautions were taken to ensure the safety and well-being of all personnel at site, as well as the surrounding communities. As of the date of this document, the Company is not aware of any site personnel having contracted Coronavirus. The Company subsequently re-opened the camp and resumed exploration activities within the first week of July and completed a total of 22,993 metres for the 2020 drilling season. Camp expansions were completed and permits upgraded to accommodate up to seven (7) drills in preparation for future expanded programs.

On January 13, 2020, Nighthawk completed a share consolidation on the basis of one post-consolidated common share for every five pre-consolidated common shares (the “**Share Consolidation**”). The Share Consolidation reduced Nighthawk’s 223,360,960 issued and outstanding common shares to 44,672,192 post-consolidation common shares. The exercise price of outstanding stock options, and the number of such options were also proportionately adjusted based upon the Share Consolidation. All historical information presented in the financial statements has been adjusted to reflect the Share Consolidation.

On August 20, 2020, the Company completed a non-brokered private placement (the “**Offering**”) with a total of 5,883,308 common shares issued for total gross proceeds of \$12,000,601. Pursuant to the Offering, the Company issued an aggregate of 3,211,716 flow-through shares at a price of \$1.90 per flow-through share, 1,995,050 premium flow-through units (“**Premium FT Units**”) at a price of \$2.38 per Premium FT Unit and 676,542 units (“**Units**”) at a price of \$1.70 per Unit. Each Premium FT Unit is comprised of one flow-through common share and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, the “**August 2020 Warrant**”). Each Unit is comprised of one common share and one-half of one August 2020 Warrant. Each August 2020 Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$2.00 until August 20, 2021. Share issue costs in relation to the financing were \$332,496. The August 2020 Warrants contain an acceleration clause whereby if the common shares trade at a volume-weighted average price of \$2.50 or more for 20 consecutive trading days, the Company will have the right to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the warrants.



Subsequent to year end, under an agreement dated February 17, 2021, the Company was granted an option to acquire a 100% interest in the Kim and Cass Property, consisting of 4 contiguous mining leases adjacent to Nighthawk's existing Indin Lake Gold Property. As part of the terms of the option agreement, the Company has agreed to pay aggregate consideration of \$1.1 million (pursuant to the schedule below) and grant a 2.5% net smelter return ("**NSR**") royalty. In addition, the Company shall have the right, at any time, to purchase up to 100% of the NSR for up to \$2.5 million, thereby reducing the NSR to zero if the full 100% is purchased. The payment schedule is as follows:

- Upon execution of the option agreement - \$400,000 (which was satisfied in full by the issuance of 340,000 common shares of the Company);
- On or before February 17, 2022 - \$350,000 in any proportion of common shares or cash, at the Company's full discretion; and
- On or before February 17, 2023 - \$350,000 in any proportion of common shares or cash, at the Company's full discretion.

Subsequent to year end on March 22, 2021, the Company announced it entered into an agreement with a syndicate of underwriters led by Scotiabank, pursuant to which the underwriters have agreed to purchase 2,550,000 units ("**2021 Units**"), 865,000 flow-through units (the "**2021 FT Units**"), and 5,750,000 premium flow-through units (the "**2021 Premium FT Units**") on a bought deal private placement basis (the "**2021 Offering**") for aggregate proceeds of approximately \$10.95 million. The 2021 Units will be sold at a price of \$0.96 per 2021 Unit, the 2021 FT Units will be sold at a price of \$1.15 per 2021 FT Unit, and the 2021 Premium FT Units will be sold at a price of \$1.305 per 2021 Premium FT Unit. Each 2021 Unit will be comprised of one non flow-through common share and 0.4 of one common share purchase warrant (each whole warrant, a "**2021 Warrant**"). Each 2021 FT Unit will be comprised of one flow-through common share and 0.4 of one 2021 Warrant. Each 2021 Premium FT Unit will be comprised of one flow-through common share and 0.4 of one 2021 Warrant. The common share component of both the 2021 FT Units and the 2021 Premium FT Units will qualify as "flow-through shares" within the meaning of the Income Tax Act (Canada). Each 2021 Warrant shall entitle the holder thereof to acquire one common share at a price of \$1.35 until the date that is 24 months following the closing date of the 2021 Offering.

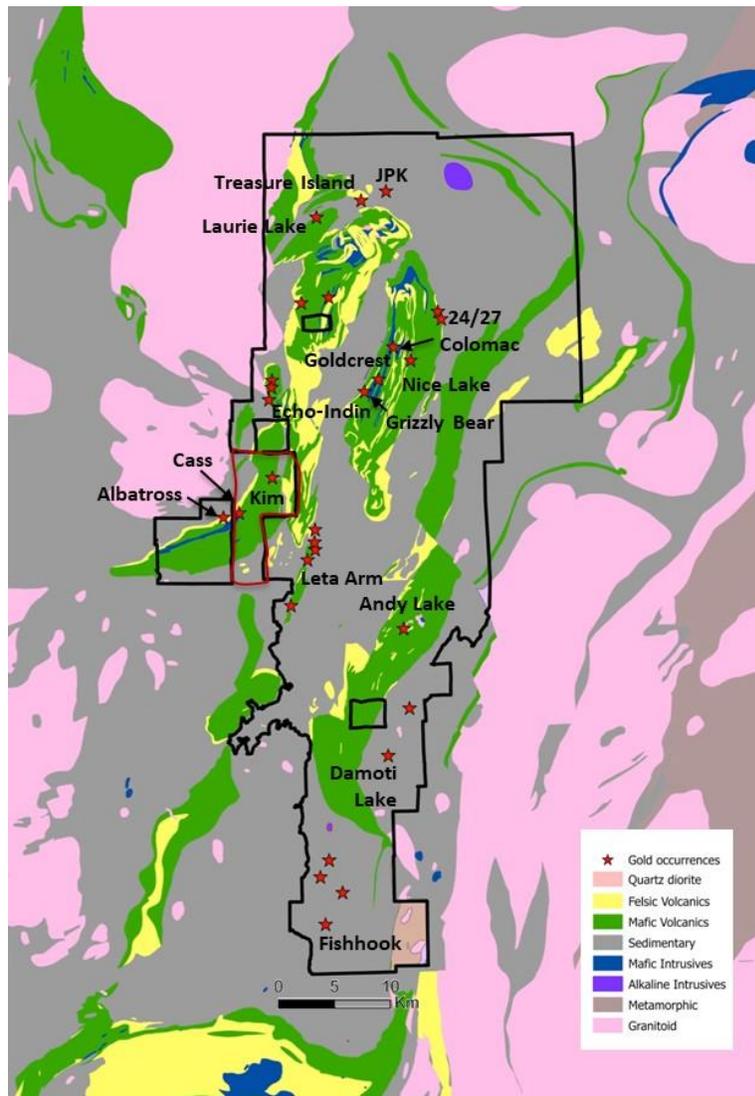
2. EXPLORATION AND EVALUATION ACTIVITIES

INDIN LAKE GOLD PROPERTY

The Indin Lake Gold Property lies along the West Bay – Indin Lake Fault Zone, a regional structure that extends over 200 km from the shores of Great Slave Lake to areas north of the Indin Lake Greenstone Belt. This fault zone contains the historical Giant and Con gold mines (historical production of approximately 13 million ounces of gold ("**oz Au**") to the south and Colomac (historic production of 527,908 oz Au) within its northern extent. The Company believes this structure has played a major role in the development and localization of gold mineralization; much the same role as that of other large regional fault zones, such as the Destor-Porcupine Fault's influence on gold deposit formation within the Timmins gold camp. The Indin Lake Greenstone Belt remains one of the few underexplored historic Archean gold camps in Canada.

The property is located within a historic gold camp which had been largely ignored for almost twenty-five years, rendering it vastly underexplored with numerous untested prospective targets. Several gold deposits and showings lie within the property, the most significant being the Colomac Deposit ("**Colomac**"), a former producing open pit gold mine, which was acquired by Nighthawk in January 2012 (see Section 2.1 – Acquisitions). Nighthawk has significantly advanced Colomac along with four other deposits (Goldcrest, Grizzly Bear 24 and 27), that sit within close proximity to Colomac (the "**Colomac Centre**") while testing a number of high-priority regional gold exploration targets within its Indin Lake Gold Property. The Company has also conducted prospecting and regional mapping activities in search of new discoveries.

Figure 1
Indin Lake Gold Property



2.1 Acquisitions

In August 2008, Nighthawk acquired 6 mining leases and 6 mining claims within the Indin Lake Greenstone Belt known as the Damoti Lake Gold Property, subject to an existing 2% NSR.

Under agreements dated in January 2011, and as amended in April 2013, the Company acquired a 100% interest in 15 mining leases and 3 mining claims located within the Indin Lake Greenstone Belt (the “**Indin Lake Claims/Leases**”), subject to existing NSR’s on certain claims ranging from 2% to 5%, for payments totalling \$0.73 million.

In January and April 2011, the Company staked 107 additional mining claims within the Indin Lake Greenstone Belt thereby linking the Damoti Lake Gold Property with the Indin Lake Claims/Leases and consolidating much of the Indin Lake Gold camp to form the Indin Lake Gold Property.

Subsequent to year end on February 17, 2021, the Company entered into a binding option agreement for the Kim & Cass Property, 4 contiguous mining leases adjacent to Nighthawk’s existing Indin Lake Gold Property as further described in Section 1 – Description of Business.



Acquisition of Colomac Property

On January 26, 2012, the Company completed an agreement (the “**Colomac Agreement**”) to acquire 100% of the mineral claims and leases of the former producing Colomac Gold Mine and surrounding mineral leases (the “**Colomac Property**”), from Aboriginal Affairs and Northern Development Canada (“**AANDC**”). The Colomac Property lies within the central portion of Nighthawk’s 229,791-acre Indin Lake Gold Property.

As consideration for the Colomac Property, Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, being the Diversified, Chalco Lake, and Spider Lake sites. The obligation for the reclamation services being carried out on behalf of AANDC totals a maximum of \$5.0 million. Upon closing, security in the form of letters of credit totalling \$5.0 million (\$3.0 million for the Diversified site, \$1.0 million for the Chalco Lake site and \$1.0 million for the Spider Lake site) were posted in favour of AANDC (collectively, the “**Colomac LOC’s**”) to secure the obligation to perform the services for each site. The Colomac LOC’s are secured by guaranteed investment certificates at a Canadian chartered bank for the same amounts (the “**Colomac GIC’s**”). The Company did not assume the reclamation liabilities of these three sites and is not responsible for any historical environmental liabilities associated with the Colomac Property. Upon completion of the reclamation services to the satisfaction of an independent third-party engineer, the Colomac LOC’s with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated. At any time, the Company may terminate the liability relating to this service obligation, but consequently would relinquish the related Colomac GIC still held as security against the Colomac LOC’s at that time. See Section 5 – Service Obligation Under Terms of Colomac Agreement for further details. In March 2013, the reclamation activities at the Chalco Lake site were completed as the approval of the third-party engineer was obtained. Thus, the Colomac LOC with respect to the Chalco Lake site was released and the hold restriction on \$1.0 million was eliminated.

2.2 Colomac

History of the Colomac Property

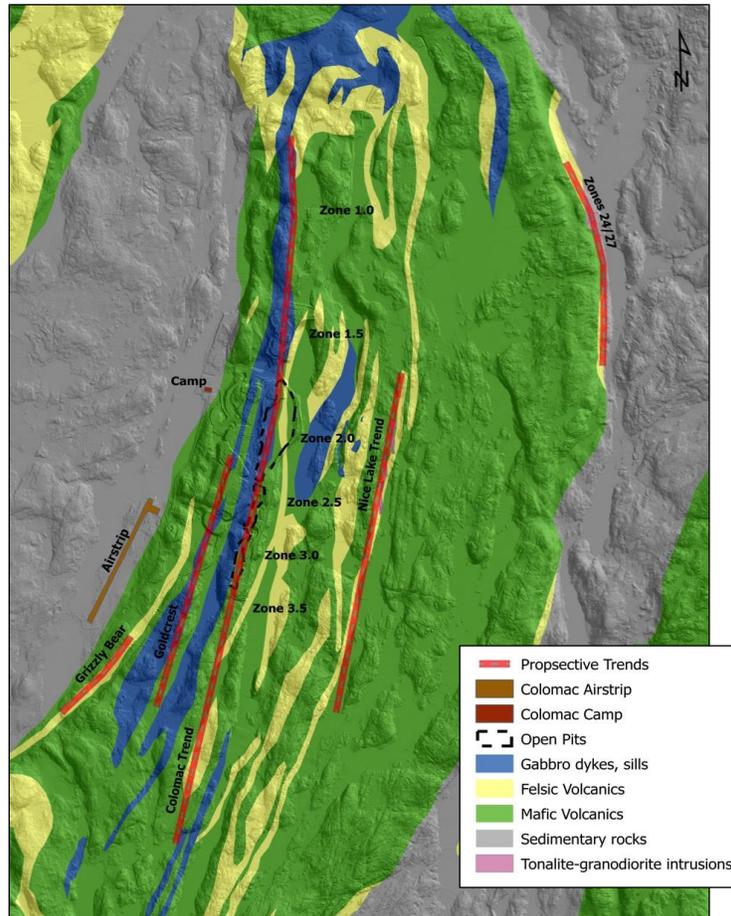
Gold was initially discovered at the Colomac Property in 1945. In 1990, Neptune Resources Corp. (“**Neptune**”) put the property into production but shut it down in 1991 due to unfavourable gold prices after producing 138,600 ounces of gold. Royal Oak acquired Colomac from Neptune in April 1993. Royal Oak Mines Incorporated (“**Royal Oak**”), recommenced stripping operations in March 1994, with first gold production in July 1994. Royal Oak closed the mine in December 1997 citing low gold prices, and subsequently filed for court protection from its creditors under the Companies’ Creditors Arrangement Act in April 1999. The AANDC (Aboriginal Affairs and Northern Development Canada) became the owner of Colomac by way of Court Order dated December 13, 1999, following the receivership of Royal Oak and its related companies and proceeded to complete the required remediation for the site. All mining and milling facilities were removed from the site subsequent to AANDC taking control of the property. During its peak, Royal Oak employed over 250 workers on the Colomac site, with reported total production of 527,908 ounces of gold.

Colomac Centre - Summary

The Colomac camp site is located within the Colomac Centre and is accessed by winter road from Yellowknife for approximately three months each year, or year-round by aircraft to a 5,000-foot airstrip on site. The five known gold deposits (Colomac, Goldcrest, Grizzly Bear, 24 and 27), are all part of the 2021 Mineral Resource Estimate (the “**2021 MRE**”). The main Colomac Deposit saw historical, intermittent mining from 1990 to 1997 (see discussion above) and was limited to one of three shallow open pits developed on a steeply dipping quartz diorite intrusion. Mining activities exploited only a small portion of the 7 km mineralized strike length. All mining and processing equipment and infrastructure have been removed from site.

The five known gold deposits lie within a north striking, steeply dipping, Archean greenstone belt of deformed sedimentary and intermediate to ultramafic volcanic rocks. Deposits appear in two distinct geological settings. Colomac and Goldcrest are hosted within a differentiated mafic intrusion or sill, whereas the Grizzly Bear and 24/27 deposits occur near or within the sedimentary/volcanic rock contact.

Figure 2 – Colomac Centre

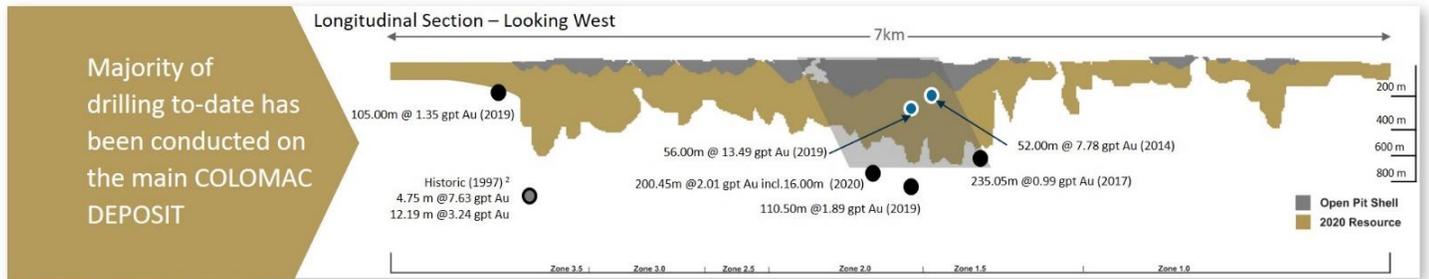


Colomac occurs in a north-south striking differentiated mafic sill approximately 9 km long and 160 m wide bounded by mafic volcanic rocks. Mineralization is predominantly free gold spatially associated with quartz-carbonate veining and minor sulphides. During deformation, the sill behaved as a competent unit enclosed within more ductile rocks, thus representing the classic competency contrast condition present in many Archean lode gold camps. This has led to the preferential emplacement of gold-bearing veins within the intrusion.

Colomac - Mineralized Zones and Exploration Potential

The main Colomac deposit was arbitrarily divided into six mineralized zones (Zones 1.0, 1.5, 2.0, 2.5, 3.0 and 3.5) along a 7 km strike length, see Figure 3 (plus an additional 2km to the south which has never been tested). Colomac has received the majority of drilling metres since its acquisition in 2012, and currently accounts for 88% of the global resource base. The discovery of high-grade at Zone 1.5 in 2014 became the focus of the exploration program, with drilling aimed at further delineating this discrete high-grade domain, as well as targeting the potential for other high-grade domains along the 7 km strike length. This prompted the Company to conduct deeper drilling within Zones 1.5, 2.0 and 3.5, which led to the discovery that the mineralized portion of the sill (the quartz diorite) expanded in true width from 30-50 metres in the near surface environment up to 155 metres at depths below 600 m vertical.

Figure 3
Colomac Deposit



There remains considerable room for expansion along strike as well as to depth, but the near-term focus will be to optimize the near-surface resource growth opportunities.

Other Deposits within the Colomac Centre

Located immediately to the west of Zone 3.5 at Colomac lies a sister sill which is host to the Goldcrest Deposit. Goldcrest has a 3 km strike length and drilling has tested mineralization down to 350 metres below surface, where it remains open.

Grizzly Bear is located west of Goldcrest within the contact between sedimentary and volcanic rocks. Drilling has supported the continuity of this deposit and extended it to a depth of 200 metres vertical, where it remains open.

The 24/27 deposits are located approximately 3 km east of Zone 1.0 at Colomac have never been drilled by the Company. Inferred resources for these deposits are based on historical drilling conducted prior to Nighthawk's acquisition of the Colomac Property. In 2019 and 2020, the Company carried out extensive outcrop stripping, mapping, and channel sampling programs on this highly prospective area to better understand the controls on mineralization in preparation for future drilling.

The Company intends to test all of these targets as part of the 2021 drilling program, where they will be drilled principally on-strike for additional in-pit resources.

Mineral Resource Estimate – 2021 MRE

On March 1, 2021, the Company reported an update to the 2020 mineral resource estimate on the Indin Lake Gold Property (the "**2020 MRE**", see press release dated July 28, 2020 and corresponding technical report dated September 11, 2020 as filed on SEDAR), prepared by InnovExplo Inc. ("**InnovExplo**"), an independent firm based in Val-d'Or, Québec, in accordance with National Instrument 43-101 ("NI 43-101"). The updated mineral resource estimate (the "**2021 MRE**") builds upon the 2020 MRE and includes 10,999 metres of drilling completed in 2020. The 2021 MRE outlined 38.7 million tonnes ("**Mt**"), at an average grade of 1.81 grams per tonne gold ("**g/t**", "**Au**"), for 2.25 Moz of Indicated Resources and 11.5 Mt at an average grade of 2.13 g/t Au for 0.79 Moz of Inferred Resources.

The following summary is supported by the NI 43-101 technical report, titled "*NI 43-101 Technical Report and up-date of the Mineral Resource Estimate for the Indin Lake Gold Property, Northwest Territories, Canada*", dated effective February 26, 2021 and prepared by Marina Iund, P.Geo., M.Sc., Carl Pelletier, P.Geo., and Gustavo Durieux, P.Geo., M.A.Sc. of InnovExplo Inc., an independent mining and exploration consulting firm based in Val-d'Or, Quebec. All the authors are independent qualified persons ("**QPs**") as defined by NI 43-101.



2021 Mineral Resource Estimate for the Indin Lake Gold Property (Effective date of February 26, 2021)

Deposit	Area (mining method)	Cut-off (g/t)	Indicated resource			Inferred resource		
			Tonnage (T*1000)	AU (g/t)	Ounces	Tonnage (T*1000)	AU (g/t)	Ounces
Colomac	Open pit	0.6	15,147	1.64	797,400	219	1.47	10,300
	UG Bulk	1.1	19,884	1.97	1,262,000	9,485	1.97	601,800
Goldcrest	Open pit	0.6	2,003	1.50	96,800	76	1.59	3,900
	UG Bulk	1.1	717	1.84	42,500	255	1.57	12,900
Grizzly Bear	Open pit	0.6	776	1.57	39,200	23	1.24	900
	UG Bulk	1.1	208	1.68	11,200	59	1.51	2,900
24/27	Open pit	0.6	-	-	-	424	1.83	25,000
	UG Bulk	1.1	-	-	-	184	1.80	10,600
Sub-total			38,736	1.81	2,249,100	10,724	1.94	668,300
Damoti	UG selective	2.00	-	-	-	736	4.97	117,800
TOTAL			38,736	1.81	2,249,100	11,460	2.13	786,100

Notes to accompany the Mineral Resource Estimate:

- The independent and qualified persons for the mineral resource estimate, as defined by NI 43-101, are Marina Iund, and Carl Pelletier, P.Geo., both from InnovExplo Inc., and the effective date is February 26, 2021.
- These mineral resources are not mineral reserves, as they do not have demonstrated economic viability.
- The mineral resource estimate follows current CIM definitions and guidelines for mineral resources.
- The results are presented undiluted and are considered to have reasonable prospects of economic viability.
- The estimate encompasses six (6) gold deposits (Colomac, 24, 27, Goldcrest, Grizzly Bear and Damoti), subdivided into 52 zones (6 for Colomac, 2 for 24/27, 3 for Goldcrest, 3 for Grizzly Bear and 38 for Damoti), each defined by individual wireframes, with a minimum true thickness of 3.0 m for the Colomac, 24/27, Goldcrest and Grizzly Bear deposits and a minimum true thickness of 2.0 m for the Damoti deposit, using the grade of the material when assayed or a value of zero when not assayed. One (1) low-grade envelope was created using the quartz diorite geological solid for the Colomac deposit and four (4) low-grade envelopes were created using the BIF geological solid for the Damoti deposit. The resource was estimated using GEOVIA GEMS 6.8.2.
- High-grade capping supported by statistical analysis was done on raw assay data before compositing and established on a per-zone basis. Colomac deposit: all zones were capped at 50 g/t, except for the low-grade Zone 1.0 and the low-grade envelope, which were capped at 15 g/t; 24/27 deposits: not capped; Goldcrest and Grizzly Bear deposits: all zones were capped at 30 g/t; Damoti deposit: all high-grade zones were capped at 100 g/t, except zones 2000, 2100 and 2200 which were capped at 45 g/t and Zone 4300, which was capped at 40 g/t. The low-grade envelopes were capped at 20 g/t.
- Grade interpolation was performed with the ID3 method on 1.5-m composites for the Colomac, Goldcrest and Grizzly Bear deposits, with the ID2 method on 1.5-m composites for the 24/27 deposits, and with the OK method on 1.0-m composites for the Damoti deposit. The Colomac, 24/27, Goldcrest, Grizzly Bear block models have a block size of 5.0 m by 10.0 m by 10.0 m, and the Damoti block model has a block size of 3.0 m by 3.0 m by 3.0 m.
- Bedrock was assigned a density value of 3.2 g/cm³ for the Damoti deposit and a value of 2.7 g/cm³ for the Colomac, 24/27, Goldcrest and Grizzly Bear deposits, corresponding to the mean of SG measurements. A fixed density value of 2.00 g/cm³ was assigned to the overburden.
- The mineral resource estimate is classified as indicated and inferred. For the Colomac, 24/27, Goldcrest and Grizzly Bear deposits, the Inferred category is defined with a minimum of two (2) drill holes within the areas where the drill spacing is less than 75 m and shows reasonable geological and grade continuity. The Indicated mineral resource category is defined with a minimum of three (3) drill holes within the areas where the drill spacing is less than 50 m. For the Damoti deposit, the Inferred category is defined with a minimum of two (2) drill holes within the areas where the drill spacing is less than 60 m and shows reasonable geological and grade continuity. Clipping boundaries were used for classification based on those criteria.
- The mineral resource estimate is locally pit-constrained with a bedrock slope angle of 50° and an overburden slope angle of 30°. It is reported at a rounded cut-off grade of 0.6 g/t Au (in pit), 1.10 g/t Au (underground bulk) and 2.00 g/t Au (underground selective). Specific extraction methods are used only to establish the reasonable prospect for an eventual economical extraction. The cut-off grades were calculated using the following parameters: mining cost = CA\$3.75 to CA\$ 65.00; processing cost = CA\$22.50; G&A = CA\$8.00; refining and selling costs = CA\$ 5.00; gold price = US\$ 1,650.00/oz; USD:CAD exchange rate = 1.25; and mill recovery = 97.0%. The cut-off grades should be re-evaluated in-light of future prevailing market conditions (metal prices, exchange rates, mining costs etc.).
- The number of metric tonnes was rounded to the nearest thousand, following the recommendations in NI 43-101 and any discrepancies in the totals are due to rounding effects. The metal contents are presented in troy ounces (tonnes x grade / 31.10348).
- InnovExplo Inc. is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, or marketing issues, or any other relevant issue not reported in the Technical Report, that could materially affect the Mineral Resource Estimate.

It should be noted that due to the delay in the turnaround of assay results, only 67% of assays from the 2020 drilling program were used as part of the 2021 MRE update.

The 2021 MRE was generated using reasonable cut-off grades for pit constrained, potential bulk underground and potential selective underground extraction mining methods. Specific extraction methods are used only to establish



reasonable cut-off grades for various portions of the deposits. No Preliminary Economic Analysis, Pre-Feasibility Study or Feasibility Study has been completed to support economic viability and technical feasibility of exploiting any portion of the mineral resources, by any specified mining method. The "reasonable prospects for eventual economic extraction" were satisfied with a constrained pit shell (open pit) and manual selection of blocks (underground) according to the economical parameters selected (cut-off grade, mining method, etc.) and the geological continuity of the mineralization.

Preliminary Metallurgical Results

A total of four (4) metallurgical studies have been completed with samples from seven (7) mineralized zones within the Colomac and Goldcrest deposits. Testing was completed at Bureau Veritas in Richmond, BC, and audited by Starkey & Associates Inc. in Oakville, Ontario. The results to-date compare favourably to similar North American projects with the most recent test results findings being consistent with previous studies showing that Colomac rock performs exceptionally well in terms of its grind characteristics, gold recoveries, purity, and responsiveness to all standard gold recovery technologies. The Colomac test program is still at an early stage of evaluation, where it is reasonable to believe that further optimization should improve gold recovery in all process options. At this stage of the project, no further testing is required until a preferred process option has been decided upon. Once the preferred process option is defined, a comprehensive metallurgical study would be necessary to optimize process conditions.

Studies completed to-date include; the four 2019 composite samples (standard testing, four bottle roll and four column leach tests), four 2018 composite samples (that were submitted for the same tests, see press releases dated March 19, 2019 and April 23, 2020), one higher grade sample from Zone 1.5 (standard testing, two bottle roll and one column leach tests, see press releases dated February 21, 2018 and May 22, 2018), and three composite samples from lower-grade material (standard testing and one bottle roll leach test, (see press release dated April 19, 2017)). All results received to-date are summarized in Table 1 and show that the materials tested responded favourably to the proposed process options.

Testwork Highlights:

- Studies continue to note minimal variation in rock hardness for all test samples covering all zones and deposit depths, indicating that both the Colomac Main and Goldcrest sills are relatively homogeneous.
- Based on the collective test results to-date, the Colomac deposit is amenable to all standard gold recovery technologies including, flotation, gravity concentration, cyanidation, and heap leaching (Table 1).
 - A combination of gravity and cyanide leach recovery processes (gravity+cyanidation), as well as whole ore cyanidation methods, have given exceptional results with recoveries ranging in average from 95.1% to 98.0% and 91.3% to 97.2% respectively (Table 1), representing a significant increase in recovery over historical production results of 88.1% (1994 to 1997).
 - Although additional studies are required to fully validate these findings, early indications based on metallurgical results received to-date suggest that a semi-autogenous grinding ("SAG") ball mill grinding circuit followed by a gravity concentrate leach, and a cyanide leach circuit on the resultant final ground product, represent a promising process route for recovering gold from Colomac rock.
- Based on the findings of all test work to-date, gold recoveries using heap leaching may be a viable process for low-grade material which would otherwise be discarded as waste.
 - Column leach tests performed to-date resulted in recoveries ranging from 21.3% to 66.0% (107 day run) and up to 69.7% (206 day run) (Table 1).
 - Bottle roll leach tests performed to-date resulted in recoveries ranging from 22.0% to 81.8% (minus half (½) inch crushed material, 10 day run)

The 2019 program sampled areas of the Colomac Main sill that had not been previously investigated and involved the selective sampling of 11 boreholes from Zones 2.0, 2.5, and 3.0. All programs to-date collected approximately 70 kg of drill core material for each sample, which were then assayed for gold, tested for grindability using the SAGDesign methodology, and for amenability to several other commonly used gold recovery processes.

It has been well documented that the head grades of assayed Colomac samples show significant variability between fire assay and screened metallic assays (except the lower-grade Colomac 2019 samples). This is believed to be due



to the nugget effect of gold in the deposit as material with nuggetty gold mineralization would be expected to result in erratic calculated heads for the various tests. Fire assay results are consistently lower while the metallic assays and screen analysis assays of all the size fractions gives a much better indication of the amount of gold present. This is evidenced by the extent to which gold is recovered in the tests completed.

Results from all studies are summarized in the table below and show that the materials tested respond favorably to the proposed process options. Refer to press release dated September 15, 2020, for a detailed summary of metallurgical findings from all studies.

Table 1
Master Table of Test Results

Process Routes	Gold Recovery, %										
	Heap Bottle Roll	Column Cyanide* ~107 days	Column Cyanide* +206 days ¹	Flotation			Whole Ore Cyanide*	Gravity			Gravity + Cyanide*
Particle Size P₈₀(µm)	12700	12700	12700	75	106	150	150	75	106	150	106
2019 MET-1	42.6	66.0	N.A	90.0	92.8	84.2	93.4	72.5	84.1	91.4	93.8
2019 MET-2	22.0	43.6		88.2	88.8	85.8	95.2	82.2	39.0	52.9	96.0
2019 MET-3	72.4	60.3		95.7	93.4	87.4	94.4	74.9	78.7	74.8	95.9
2019 MET-4	47.7	21.3		86.3	82.6	75.6	91.3	53.6	59.0	50.9	94.6
Average Colomac 2019	46.1	47.8	TBC	90.1	89.4	83.3	93.6	70.8	65.2	67.5	95.1
Colomac 2018 Sample 1	31.5	45.6	57.4	94.9	94.5	92.8	97.1	76.6	75.4	64.0	98.0
Colomac 2018 Sample 2	49.1	46.4	55.5	94.8	94.5	94.2	96.8	75.8	75.0	69.0	97.3
Colomac 2018 Sample 3	47.1	46.1	54.9	92.1	88.6	84.8	96.7	63.3	58.7	53.6	96.3
Goldcrest 2018 Sample 4	49.6	61.1	69.7	98.1	94.9	95.5	97.2	83.0	76.3	74.9	96.8
Average Colomac 2018	44.3	49.8	59.4	95.0	93.1	91.9	97.0	74.7	71.4	65.4	97.1
Colomac 2017 High-Grade	57.5	34.3	N.A	94.6	93.5	90.7	96.4	77.6	74.7	74.9	98.0
Colomac Master Composite 2016	81.8	N.A	N.A	94.9	94.1	95.5	96.4	65.4	74.1	76.3	96.5

*Headers identified as "Column Cyanide", refers to the Column Cyanidation test, "Whole Ore Cyanide", refers to the Whole Ore Cyanidation test, and "Gravity + Cyanide", refers to the Gravity + Cyanidation test.

Notes:

1. Samples ran from 206 up to 213 days

Preliminary testwork indicates that the Colomac deposit is amenable to all standard recovery technologies, with no adverse materials detected. These preliminary metallurgical results indicate that a standard SAG ball mill grinding circuit with or without gravity concentrators on cyclone underflows, and followed by a gravity concentrate leach (if applicable), and a cyanide leach circuit on the resultant final ground product, would be the best process options to consider for recovering gold from Colomac.

At this time, no further testing is contemplated. Going forward, a preliminary economic analysis of the flowsheet alternatives would be required to conclusively determine the capital and operating expenditures for each flowsheet considered. Such a study would allow for a more focused metallurgical test program to be developed for testing samples from future sampling campaigns. Such studies may contemplate broadening future sampling to include other satellite gold zones and other zones to depth within the mineralized sills, with the main objective to confirm that the metallurgical responses observed so far will apply over a broader range of head grades, zone locations, and depths within the deposit.



2.3 Exploration Programs

Nighthawk received its land use permits and water licences approving its exploration activities over the next 5 years, expiring in February 2024, and which are extendible up to February 2026.

The 2020 drill season commenced on March 13, with three drills and an initial 25,000-metre drill program. Nighthawk temporarily suspended exploration activities due to the Coronavirus pandemic on April 5, 2020 (see press release dated March 27, 2020) and resumed exploration activities during the second week of July. A total of 22,993 metres were completed for the 2020 drilling season which were focused mainly at Colomac, with a small program at the Leta Arm Trend (“**Leta Arm**”), and the Treasure Island Zone (“**Treasure Island**”).

The Company completed camp modifications which include additional sleeper tents, a second core shack; and expanded camp operational facilities including a larger generator to address the additional power needed to support an expanded 2021 program.

2020 Colomac Centre Exploration Program

Due to the Coronavirus pandemic discussed earlier, a temporary shut-down of activities impacted the Company’s ability to expand its drill program. A total of 16,421 metres of drilling was completed at Colomac in 2020.

The 2020 drill program focused on the continued delineation of higher-grade domains at Zone 1.5, 2.0 and 3.5, targeting near-term ounces as outlined within the Exploration Target (areas within the Colomac deposit proximal to the 2020 MRE). Drilling at Zone 1.5 and 3.5 returned high-grade intercepts and successfully extended mineralization in these respective areas (see press releases dated August 20, and September 29, 2020).

Drilling at Zone 1.5 and 2.0 was successful in opening up a new unexplored region of the sill and confirmed significant expansion and widening of the host quartz diorite portion of the sill to depth within the northern part of Zone 2.0. Drilling at Zone 2.0 also encountered one of the best continuous mineralized intersections ever reported at Colomac (280 metres) with visible gold observed in 79 individual assay samples), extending a broad band of mineralization to new depths where it remains open (see press release dated October 21, 2020).

- **Hole C20-06 returned 252.13 metres (150.00 metres true width) of 1.84 g/t Au, including 200.45 metres (110.00 metres true width) of 2.01 g/t Au with several internal higher-grade intercepts.**

The success in locating and tracing new areas of higher-grade mineralization along the main Colomac Deposit continues to validate the Company’s belief in the deposit’s capacity to host discrete corridors of consistent elevated grade),

As of the date of this document, 9,703 metres of the 16,421 metres of drilling have been released. For further information, including detailed drilling results from previous drilling campaigns, please refer to the Company’s website at www.nighthawkgold.com.

2020 Regional Exploration

Nighthawk’s 930 km² Indin Lake Gold Property encompasses many other highly prospective targets including a number of untested prospects. Regional prospecting activities provide additional information to support the prioritization of targets up or down the value chain. A number of these satellite targets could provide high-grade feed to any future Colomac operation at a minimum. The Company strongly believes that the continued exploration success from drill testing satellite targets (such as those outlined in Figure 4 below) supports Nighthawk’s conviction that there are other multi-million-ounce opportunities capable of hosting high-grade mineralization.

The many prospective regional targets provide a remarkable opportunity for growth and collectively strengthen the Company’s 100% controlled regional play centered around an advanced exploration target with quality ounces and a strong foundation for growth. Regional drilling in 2020 tested Leta Arm (1,065 metres) and Treasure Island (5,508 metres), two targets hosted within large deformation zones where previous drilling returned good grades over good widths and warrant additional follow up work.



Figure 4
Indin Lake Regional Targets



2-Year Exploration Goals – Substantially Increase the Global Resource Base

On March 1, 2021, the Company provided its goals and objectives over the course of the next two years. The exploration strategy has three main objectives:

- Resource expansion opportunities within known deposits (within the Colomac Centre as well as the Cass Zone, located within the recently optioned Kim & Cass Property);
- Identify new, near-surface mineralization proximal to the Colomac Centre; and
- Target assessment to identify, expand and include known targets that could contribute to the global resource base.

3. EXPLORATION AND EVALUATION EXPENDITURES

The following table identifies the breakdown of the Indin Lake Gold Property’s capitalized exploration and evaluation expenditures for the years months ended December 31, 2020 and 2019:

Indin Lake Gold Property

Years ended December 31,	2020	2019
Capitalized Acquisition Costs		
Balance, beginning of year	\$ 10,456,144	\$ 10,348,314
Acquisition costs	696,520	107,830
Balance, end of year	\$ 11,152,664	\$ 10,456,144



Years ended December 31,	2020	2019
Expensed Exploration Costs		
Balance, beginning of year	\$ 71,627,658	\$ 56,814,756
Drilling	3,424,469	5,566,140
Camp	2,904,328	1,936,705
Transportation	2,796,920	3,186,208
Geological & consultant fees	1,307,232	1,518,109
Assaying & analytical	912,035	1,502,214
Metallurgy	129,061	170,071
Licenses & permits	124,202	120,203
Prospecting program consulting	122,988	528,013
Engineering	81,038	-
Administrative office costs & other	30,084	52,423
Environmental	8,623	48,559
Geophysics	1,100	184,257
	11,842,080	14,812,902
Balance, end of year	\$ 83,469,738	\$ 71,627,658

During the year ended December 31, 2020, exploration and evaluation expenditures of \$11.8 million were incurred and primarily related to the 2020 exploration program on the Company's Indin Lake Gold Property, which began in early March 2020 (year ended December 31, 2019, exploration and evaluation costs of \$14.8 million were incurred). Costs related to the 2020 drill program and other geological and mining evaluation work including metallurgy costs to advance the property. For further details of the program, see Section 2.3 – Exploration Programs. As well, during the year ended December 31, 2020, the Company paid an aggregate of \$0.6 million (\$0.3 million in cash and issued 200,000 common shares valued at \$0.3 million) to purchase certain net smelter return and net profit interest royalties on regional asset within the Indin Lake Gold Property.

4. OUTLOOK

As of December 31, 2020, Nighthawk's working capital position was \$7.9 million with flow-through expenditure obligations of \$5.4 million remaining. The Company completed camp expansion activities to accommodate up to seven (7) drills which would allow for upwards of 100,000 metres of drilling, a significant step forward in advancing the vast potential of the Indin Lake Gold Property. The Company commenced the 2021 drill season in March and currently has five (5) drills on site which would allow for up to 75,000 metres of drilling to be completed this year.

An investment in Nighthawk's securities is speculative, see Section 14.7 – Risk Factors.

5. SERVICE OBLIGATION UNDER TERMS OF COLOMAC AGREEMENT

As consideration for the Colomac Property (see Section 2.1 – Acquisitions), Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, being the Diversified, Chalco Lake, and Spider Lake sites. The obligation for the reclamation services being carried out on behalf of AANDC totals a maximum of \$5.0 million. The Company entered into the Colomac LOC's totalling \$5.0 million in favour of AANDC to secure the obligation to perform the reclamation services for each site. The Colomac LOC's are thereby secured by the Colomac GIC's at a Canadian chartered bank for the same amounts.

The Company has not assumed the reclamation liabilities of these three sites directly and is not responsible for any historical environmental liabilities associated with the Colomac Property. Upon completion of the reclamation services to the satisfaction of an independent third party engineer, the Colomac LOC's with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated (\$3.0 million for the Diversified site, \$1.0 million for the Chalco Lake site and \$1.0 million for the Spider Lake site). The service obligation with respect to the Chalco



Lake site was completed during Fiscal 2013 and no further work is required thereon. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time.

Diversified

No costs were incurred on the Diversified service obligation during the year ended December 31, 2020. Cumulative expenditures to December 31, 2020 are \$1.3 million. During fiscal 2012, significant work was performed (\$1.2 million) to remove a majority of the existing structures, hazardous and non-hazardous waste from the site. A spur ice road to the Diversified site was previously commissioned during the winter months to efficiently transport the material offsite to the appropriate disposal facilities. No further demolition work is required at Diversified as all structures have been removed. Remaining work includes the removal of debris, management of contaminated soil and planning closure of the mine shaft. Further significant remediation work on this site may be carried out once a final reclamation plan has been prepared and all necessary approvals obtained from AANDC. Fulfillment of this obligation would require the use of hard dollar funds (non-flow-through) and may be carried out when the Company has a sufficient budget to do so. Once the work is completed however, the Colomac LOC (for Diversified) would be terminated and the restriction on the related Colomac GIC of \$3.0 million would be released.

Spider Lake

No costs were incurred on the Spider Lake service obligation during the year ended December 31, 2020. Cumulative expenditures to December 31, 2020 are \$0.2 million. During fiscal 2012, Nighthawk carried out a delineation program at Spider Lake and obtained a better estimate of the hydrocarbon and metals contamination at site. A waste rock characterization program was performed as well. Results of these programs allowed Nighthawk to plan the reclamation work at this site. All necessary approvals of the Spider Lake reclamation plan have been obtained. The reclamation work planned for the summer of 2014 was not able to be carried out as the Company did not have a sufficient budget of hard dollar funds (non-flow-through) to complete the work. Once the work is completed however, the Colomac LOC (for Spider Lake) would be terminated and the restriction on the related Colomac GIC of \$1.0 million would be released.

6. SELECTED ANNUAL INFORMATION

The following chart summarizes selected annual financial information for the three most recently completed financial years. The information has been prepared in accordance with IFRS:

Operations	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating expenses	\$ 1,942,888	\$ 1,782,248	\$ 1,882,241
Exploration and evaluation expenses	11,842,080	14,812,902	13,487,577
Stock-based compensation	457,611	856,065	1,156,572
Gain on sale of investment	-	(38,750)	-
Unrealized loss on marketable securities	-	-	90,000
Flow-through share premium	(1,512,839)	(208,725)	(2,803,649)
Interest income	(114,686)	(227,378)	(573,600)
Deferred income tax provision (recovery)	88,112	194,214	(37,974)
Loss for the period	12,703,166	17,170,576	13,201,167
Loss per share	\$ 0.27	\$ 0.41	\$ 0.35
Total assets	\$ 25,258,621	\$ 25,615,180	\$ 29,575,469
Total long-term financial liabilities	\$ 4,541,945	\$ 3,413,464	\$ 3,413,464



7. RESULTS OF OPERATIONS

Operations	Years Ended December 31,	
	2020	2019
Exploration and evaluation expenses	\$ 11,842,080	\$ 14,812,902
Salaries, director and consulting fees	910,690	869,440
Shareholder communication and marketing	367,413	410,132
Office and administration	234,382	208,549
Professional fees	211,583	117,569
Regulatory	119,288	84,440
Travel	99,532	92,118
Gain on sale of investment	-	(38,750)
Stock-based compensation	457,611	856,065
Flow-through share premium	(1,512,839)	(208,725)
Interest income	(114,686)	(227,378)
Deferred tax provision	88,112	194,214
Loss for the year	\$ 12,703,166	\$ 17,170,576
Loss per share – Basic and fully diluted	\$ 0.27⁽¹⁾	\$ 0.41⁽¹⁾

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

7.1 Year Ended December 31, 2020

Nighthawk's results of operations for the year ended December 31, 2020 resulted in a loss of \$12.7 million, compared to a loss of \$17.2 million for the year ended December 31, 2019.

The variance between the two years is due primarily to the following:

- Exploration and evaluation expenses decreased from 2019 to 2020 as a result of the level of activity on the Company's Indin Lake Gold Property. See Section 2.2 – Colomac for further details;
- Flow-through share premium income of \$1.5 million for the current year compared to \$0.2 million for the prior year as the Company incurred exploration expenditures and reduced its flow-through commitment at the time. The Company has \$5.4 million of flow-through commitments as of December 31, 2020;
- Shareholder communication, marketing and travel expenses decreased as the Company restricted from travel and updated its investor outreach strategy to account for the effects of the Coronavirus;
- Professional fees were increased from prior year as the company incurred costs to carry out the share consolidation as well as the royalty acquisition;
- Interest income is derived from the cash balance on hand as well as the Colomac GIC's being held has restricted cash to secure the Colomac LOC's. The cash is held at Canadian chartered banks;
- Gain on sale of investment in prior year related to the Company's sale of its investment in CR Capital Corp. which was acquired in previous years from the sale of the Superior Project.



8. QUARTERLY FINANCIAL INFORMATION

The following selected financial data for the past eight quarters has been prepared in accordance with IFRS and should be read in conjunction with Nighthawk's audited annual consolidated financial statements:

Operations	Quarter Ended Mar. 31, 2020	Quarter Ended Jun. 30, 2020	Quarter Ended Sep. 30, 2020	Quarter Ended Dec. 31, 2020
Operating expenses	\$ 606,208	\$ 287,903	\$ 323,239	\$ 725,538
Stock-based compensation	50,111	50,111	50,111	307,278
Exploration and evaluation expenses	2,297,831	625,455	5,703,432	3,215,362
Interest income	(54,260)	(22,584)	(26,313)	(11,529)
Flow-through share premium	-	-	(645,183)	(867,656)
Deferred tax provision	-	-	88,112	-
Net loss	\$ 2,899,890	\$ 940,885	\$ 5,493,398	\$ 3,368,993
Net loss per share	\$0.06 ⁽¹⁾	\$0.02 ⁽¹⁾	\$0.12 ⁽¹⁾	\$0.07 ⁽¹⁾
Cash and cash equivalents	\$ 7,586,608	\$ 5,563,374	\$ 12,704,104	\$ 8,309,832
Other current assets	989,897	935,488	1,206,553	1,126,815
Exploration and evaluation assets	10,485,840	11,076,325	11,151,844	11,152,664
Restricted cash	4,669,310	4,669,310	4,669,310	4,669,310
Total Assets	\$ 23,731,655	\$ 22,244,497	\$ 29,731,811	\$ 25,258,621
Provision for service obligation	\$ 3,012,314	\$ 3,012,314	\$ 3,012,314	\$ 3,012,314
Reclamation provision	\$ 401,150	\$ 401,150	\$ 401,150	\$ 401,150
Operations	Quarter Ended Mar. 31, 2019	Quarter Ended Jun. 30, 2019	Quarter Ended Sep. 30, 2019	Quarter Ended Dec. 31, 2019
Operating expenses	\$ 397,560	\$ 516,380	\$ 322,499	\$ 545,809
Stock-based compensation	-	-	-	856,065
Exploration and evaluation expenses	1,518,873	5,842,992	6,302,030	1,150,007
Interest income	(70,033)	(41,878)	(55,369)	(60,098)
Flow-through share premium	-	-	(208,725)	-
Gain on sale of investment	(38,750)	-	-	-
Deferred tax provision	-	-	194,214	-
Net loss	\$ 1,807,650	\$ 6,316,494	\$ 6,554,649	\$ 2,491,783
Net loss per share	\$0.04 ⁽¹⁾	\$0.15 ⁽¹⁾	\$0.16 ⁽¹⁾	\$0.06 ⁽¹⁾
Cash and cash equivalents	\$ 13,051,470	\$ 19,444,270	\$ 11,567,105	\$ 9,662,590
Other current assets	958,257	1,328,543	1,268,699	827,136
Exploration and evaluation assets	10,374,196	10,400,929	10,433,250	10,456,144
Restricted cash	4,648,616	4,648,616	4,669,310	4,669,310
Total Assets	\$ 29,032,539	\$ 35,822,358	\$ 27,938,364	\$ 25,615,180
Provision for service obligation	\$ 3,012,314	\$ 3,012,314	\$ 3,012,314	\$ 3,012,314
Reclamation provision	\$ 401,150	\$ 401,150	\$ 401,150	\$ 401,150

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

The Company has not paid any dividends.

Operating expenses include salaries, director and consulting fees, shareholder communication and marketing, travel, office and administrative costs, regulatory and professional fees. Variances in operating expenses over the previous quarters related to office and administrative costs, professional and consulting fees, which varied based upon the scope of each exploration season and as well as timing of financing activities. Moving forward over the next year, it is expected that monthly operating expenses will be approximately \$180,000, before considering exploration activities, which are expected to focus on the Indin Lake Gold Property.

Stock-based compensation expense is a result of the timing of vested stock options fair valued using the Black-Scholes option pricing model. The deferred income tax provision (recovery) recorded through the periods is mainly a result of differences between the accounting and tax values of assets recognized on the consolidated statement of financial position.



The major variances in cash and cash equivalents and total assets are mainly attributable to equity and debt placements and the funding of exploration activities as well as professional fees, consulting fees, travel and office and administrative expenses. The Company is in the exploration stage and therefore does not generate any operating revenue. The other variances also relate to the restricted cash posted as security under the Colomac Agreement (see Section 2.1 – Acquisitions for further details).

The variance in exploration and evaluation assets is primarily a result of the option payment and acquisition costs incurred under mineral property option agreements as well as potential write-downs. Exploration and evaluation assets are analyzed each period end to determine whether any write-downs are necessary and as a result may occur on an irregular basis.

The major variances in non-current liabilities are mainly attributable to the debt financing of Secured Notes as well as the provision for service obligation, which was incurred as a result of the acquisition of Colomac (see Section 5 – Service Obligation Under Terms of Colomac Agreement for further details).

9. LIQUIDITY AND CAPITAL RESOURCES

The Company is wholly dependent on equity or debt financing to complete the exploration and development of its mineral properties. There can be no assurance that financing, whether debt or equity, will be available to Nighthawk in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on terms satisfactory to Nighthawk (see Section 14.7 – Risk Factors). Nighthawk has not generated any revenue from operations and does not expect to generate any such revenue in its next fiscal year.

The working capital balance at December 31, 2020 was \$7.9 million (including cash of \$8.3 million). At December 31, 2020, long-term assets primarily included exploration and evaluation assets of \$11.2 million, restricted cash of \$4.7 million; long-term liabilities primarily consisted of a provision for service obligation of \$3.0 million (see Section 2.1 – Acquisitions and Section 5 – Service Obligation Under Terms of Colomac Agreement) and a flow-through premium liability of \$1.1 million. The Company has flow-through expenditure commitments of \$5.4 million as of December 31, 2020 which must be expended by December 31, 2021.

On August 20, 2020, the Company closed a \$12.0 million financing by way of a non-brokered private placement. See Section 1 – Description of Business for further details.

Funds from further debt and equity financings may be used to fund future drill programs; reclamation consulting work to be carried out to satisfy the service obligation under the terms of the Colomac Agreement; and general working capital purposes. Potential proceeds may be received from stock option exercises as well as the potential recovery of restricted cash being held as letters of credit (securing the service obligation under the Colomac Agreement).

The Company had no off-balance sheet arrangements as at December 31, 2020.

10. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (“**IFRIC**”) interpretations as issued by the International Accounting Standards Board (“**IASB**”) and have been consistently applied to all the periods presented. Nighthawk is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that Nighthawk’s funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company’s significant accounting policies are summarized in note 3 to the audited annual consolidated financial statements for the fiscal year ended December 31, 2020. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Nighthawk’s consolidated financial statements.



10.1 Accounting Policy Change

During the year ended December 31, 2020, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration and evaluation expenditures, including acquisition costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts. The financial statements for the year ended December 31, 2019 and January 1, 2019 have been restated to reflect adjustments made as a result of this change in accounting policy. See note 3(o) to the audited annual consolidated financial statements for a reconciliation of these statements.

10.2 Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

10.3 Share-Based Payment Transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on mineral properties with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes. Fair values of share-based payments (including stock options) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

10.4 Flow-through Shares

The Company finances a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on Nighthawk's consolidated statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

A deferred income tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of the related flow-through expenditures. In



respect of a retrospective renunciation, such obligation is considered to have been fulfilled once related renunciation filings have been made with the appropriate taxation authorities. In respect of prospective renunciation (i.e. a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

11. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of the audited consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which by their nature are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company has identified the following areas where estimates, assumptions and judgments are made and where actual results may differ from the estimates under different assumptions and conditions and may materially affect financial results of the Company's consolidated statements of financial position reported in future periods.

11.1 Significant Accounting Estimates

Share-Based Payments

The determination of the fair value of stock options or warrants using the Black-Scholes option pricing model, requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

Reclamation Provision

The Company assesses its reclamation and remediation provisions annually or when new material information is available. The amounts recorded for reclamation and remediation provisions are based on estimates prepared by third party environmental specialists, if available, or by persons within the Company who have the relevant skills and experience. These estimates are based on remediation activities required by environmental laws, the expected timing of cash flows, and the pre-tax risk-free interest rates on which the estimated cash flows have been discounted. These estimates also include an assumption of the rate at which costs may inflate in future periods. Actual results could differ from these estimates. The estimates are related to the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

11.2 Significant Accounting Judgments

Going Concern

These consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management has applied judgment in the assessment of the Company's ability to continue as a going concern, considering all available information, and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Given the judgment involved, actual results may lead to a materially different outcome.

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.



Current and Deferred Taxes

Tax regulations are very complex and changing regularly. As a result, the Company is required to make judgments about the tax applications, the timing of temporary difference reversals, and the estimated realization of tax assets. Also, all tax returns are subject to further government's reviews, with the potential reassessments. All those facts can impact current and deferred tax provisions, deferred tax assets and liabilities, and operation results.

12. ACCOUNTING ISSUES

12.1 MANAGEMENT OF CAPITAL RISK

The objective when managing capital is to safeguard Nighthawk's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet its exploration and development plans to ensure the ongoing growth of the business.

The Company considers its shareholders' equity, cash and equivalents as capital, manages the capital structure, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. The working capital balance at December 31, 2020 was \$7.9 million (including cash of \$8.3 million). The timing and extent of the future drill programs may depend on its ability to further access the capital markets in order to raise the necessary funds required to carry out such a program. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Due to the cyclical nature of the industry, there is no guarantee that when the Company needs to raise capital, there will be access to funds at that time and there is no assurance that funding initiatives will continue to be successful to fund its future exploration activities.

12.2 MANAGEMENT OF FINANCIAL RISK

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include fair value of financial instruments and commodity price risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in note 13 to the audited consolidated financial statements for the year ended December 31, 2020.

13. OUTSTANDING SHARE DATA

	Number of Shares
Common shares outstanding – December 31, 2019	44,672,192
Shares issued for purchase of royalties	200,000
Issued for cash – flow-through shares	3,211,716
Issued for cash – premium flow-through shares	1,995,050
Issued for cash – common share units	676,542
Exercise of stock options	271,000
Vesting of share units	25,000
Common shares outstanding – December 31, 2020	51,051,500
Shares issued for purchase of Kim & Cass Property	340,000
Common shares outstanding – March 30, 2021	51,391,500
Unexercised stock options (avg exercise \$2.28)	3,343,500
Unexercised warrants (exercise \$2.00)	1,335,796
Share units	736,500
Fully diluted common shares outstanding – March 30, 2021	56,807,296

On January 13, 2020, Nighthawk completed a share consolidation of its share capital on the basis of five (5) existing common shares for one (1) new common share. The figures above are presented on a consolidated basis.



13.1 COMMON SHARES

The Company has authorized share capital consisting of an unlimited number of common shares.

13.2 STOCK OPTIONS

Nighthawk has a stock option plan (the “Plan”) under which stock options may be granted to Directors, Officers, employees, consultants and consultant companies. The Plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to options granted to insiders may not exceed 10%; (iii) and contains other provisions to ensure the Plan is compliant with stock exchange regulations. The options granted vest immediately or as otherwise determined by the Board of Directors.

During the year ended December 31, 2020, 575,000 stock options were granted, 271,000 were exercised, and 9,000 expired unexercised. The following stock options remained outstanding at December 31, 2020:

Grant date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining life (Years)
June 8, 2016	466,000	466,000	\$1.25	0.4
July 4, 2016	90,000	90,000	\$1.85	0.5
March 20, 2017	800,000	800,000	\$4.00	1.2
September 19, 2018	761,000	761,000	\$2.00	2.7
December 10, 2019	401,500	401,500	\$2.10	3.9
October 5, 2020	75,000	75,000	\$1.30	4.8
December 2, 2020	500,000	125,000	\$1.26	4.9
	3,093,500	2,718,500	\$2.28	2.4

Subsequent to year end, 250,000 stock options were granted with an exercise price of \$1.32, expiring January 1, 2026.

13.3 SHARE UNIT PLAN

The Share Unit Plan provides for the issuance of share units to employees, directors, officers, consultants, and management company employees of Nighthawk. Share units are units created by means of an entry on the books of Nighthawk representing the right to receive one common share (subject to adjustments) issued from treasury per share unit. The number of share units granted and any applicable vesting conditions are determined in the discretion of the Board of Directors (or a committee thereof) on the date of grant. In granting share units, the Board of Directors (or a committee thereof) may include other terms, conditions, and/or vesting criteria which are not inconsistent with the Share Unit Plan. Share units are settled by way of issuance of common shares from treasury as soon as practicable following the maturity date in accordance with the Share Unit Plan.

The Company granted 350,000 share units during the year ended December 31, 2020 and 25,000 vested. Compensation for the year ended December 31, 2020 with respect to share units was \$167,542 (December 31, 2019 - \$276,029) and was recorded as stock-based compensation in the statement of loss and comprehensive loss.

As at December 31, 2020, there were 611,500 share units outstanding (December 31, 2019 – 286,500).

Subsequent to year end, 125,000 share units were granted.

14. OTHER INFORMATION

14.1 CONTRACTUAL COMMITMENTS

Nighthawk does not have any commitments for material exploration expenditures, although it may acquire other properties and enter into other joint venture agreements in accordance with its business plan.



Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, being the Diversified, Chalco Lake, and Spider Lake sites. In consideration for the conveyance of the Colomac claims and leases, the Company committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, as further described in Section 2.1 – Acquisitions. At December 31, 2020, the remaining service obligation was \$3.0 million. At any time, the Company may terminate its service obligation but as a consequence would relinquish any amount of the Colomac GIC still being held as security against the Colomac LOC's at that time.

Upon acquisition of the Damoti, the Damoti Reclamation Obligation existed. At the time of acquisition, the estimated cost of the Damoti Reclamation Obligation could not be reliably measured. Nighthawk has since carried out environmental assessments using a third party specialist and estimated the cost of the Damoti Reclamation Obligation to be \$0.4 million. The Company posted two irrevocable standby letters of credit with a Canadian chartered bank in the amount of \$0.5 million to provide security under its land use permit and water access licence for the Damoti Reclamation Obligation as well as with respect to its exploration activities relating to the Indin Lake Gold Property.

As of December 31, 2020, the Company had \$5.4 million of flow-through expenditure obligations.

14.2 SUBSEQUENT EVENTS

Subsequent to year end, 250,000 stock options having an exercise price of \$1.32 expiring on January 1, 2026 and 125,000 share units were granted to an officer of the Company.

Subsequent to year end, the Company acquired the Kim & Cass Property as further described in Section 1 – Description of Business.

Subsequent to year end, the Company entered into an agreement for the 2021 Offering for gross proceeds of \$10.95 million as further described in Section 1 – Description of Business.

14.3 DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of disclosure controls and procedures as of December 31, 2020. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation are reported within the time periods specified in those rules.

14.4 INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There has been no change in internal control procedures during the year ended December 31, 2020 that would materially affect, or reasonably likely to materially affect, the internal control over financial reporting.

14.5 LIMITATIONS OF CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design



will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

14.6 RELATED PARTY TRANSACTIONS

Transactions for the year ended December 31, 2020 are disclosed and explained in note 12 to the audited consolidated financial statements which accompanies this MD&A.

During the year ended December 31, 2020, Nighthawk paid geological consulting fees of \$228,000 (2019 - \$360,000) to Byron Geological Inc., a company controlled by Dr. Michael Byron, the President, Chief Executive Officer, Chief Geologist and a Director of Nighthawk. At December 31, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).

During the year ended December 31, 2020, Nighthawk paid financial consulting fees of \$114,000 (2019 - \$180,000) to 2245448 Ontario Inc., a company controlled by Michael Leskovec, the Chief Financial Officer of Nighthawk. At December 31, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).

During the year ended December 31, 2020, the Company paid rent and office costs of \$51,384 (2019 - \$60,875) to 1249687 Ontario Ltd., a company controlled by Brent Peters, a former director of the Company. At December 31, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).

14.7 RISK FACTORS

Nighthawk is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage. Other than the risks relating to reliance on financing previously discussed, as well as those discussed elsewhere in this MD&A, the Company is subject to a number of risks and uncertainties which are not discussed in this MD&A. To properly understand such risks, readers are directed to the Company's AIF for the year ended December 31, 2020 under the heading "Risk Factors", which is incorporated by reference into this MD&A. The AIF is available on SEDAR (www.sedar.com).

14.8 CORPORATE GOVERNANCE

The Board of Directors follow corporate governance policies to ensure transparency and accountability to shareholders. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual consolidated financial statements prior to their submission to the Board of Directors for approval.

14.9 ADDITIONAL INFORMATION

Additional information regarding the Company, including the AIF for the fiscal year ended December 31, 2020, can be found at www.nighthawkgold.com and www.sedar.com.

14.10 FORWARD-LOOKING INFORMATION

This report may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information including predictions, projections and forecasts, includes, but is not limited to, information with respect to the Company's continued exploration programs (including size and budget) and the ability to advance targets and conduct enough drilling to produce NI 43-101 compliant resource estimates, and the timing and results thereof; the ability to conduct additional metallurgical test-work and the timing and results thereof; the ability to raise the necessary capital on acceptable terms in order to conduct exploration programs including mapping, prospecting and drilling activities and identify new targets in future years, as well as any intention to expand these programs in the future.

This report may contain forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to information with respect to Nighthawk's financings, the return and timing of return of the Security funds, exploration results, the future price of gold, the estimation of mineral resources, the realization of mineral resource estimates, anticipated budgets and exploration expenditures, capital expenditures the success of exploration activities generally, permitting time lines, currency fluctuations, requirements for additional capital,



government regulation of exploration and mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of any pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or describes a “goal”, or variation of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the actual results of current exploration activities; actual results and interpretation of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities, as well as those factors disclosed in the Nighthawk's publicly filed documents. Although Nighthawk has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.