



**OUTBACK GOLDFIELDS CORP.**  
(formerly Skarb Exploration Corp.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED**

*JUNE 30, 2021*

(Expressed in Canadian Dollars)

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## **OUTBACK GOLDFIELDS CORP.**

### **Management's Discussion and Analysis**

For the year ended June 30, 2021 and 2020

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#### **INTRODUCTION**

The following is management's discussion and analysis ("MD&A"), prepared as of June 30, 2021. This MD&A should be read in conjunction with the Outback Goldfields Corp.'s (the "**Company**") audited consolidated Financial Statements and the accompanying notes for the years ended June 30, 2021 and 2020. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", "forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **DESCRIPTION OF BUSINESS**

Outback Goldfields Corp., formally known as Skarb Exploration Corp., was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on March 6, 2018. In December 2020 the Company moved its jurisdiction of incorporation to British Columbia and completed the process in January 2021. The Company's head office is located at Suite 700 – 1090 West Georgia St., Vancouver, British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets.

Outback Goldfields Corp. is a well-financed exploration mining company holding a package of four highly prospective gold projects located proximate and adjacent to the Fosterville Gold Mine in Victoria, Australia. The initial Phase 1 exploration program is now underway on three of the four company properties. The Goldfields of Victoria, Australia is in the midst of a modern-day gold rush and are home to some of the highest grade and lowest cost mining in the world.

Following incorporation on March 6, 2018, the Company capitalized itself through the issuance of securities on a private placement basis. The Company completed a modest capital raise of \$498,150 through the issuance of its

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securities including the Special Warrants Private Placement and held the option to acquire the RDR Property in Quebec. The Company's common shares were first listed on the Canadian Securities Exchange under the symbol "SKRB" on February 13, 2019. The Company terminated the option to acquire a 100% right, title, and interest on the RDR Property effective March 24, 2020 based on results from the exploration program.

In December 2020, along with changing its name to Outback Goldfields Corp. following the completion of the transaction with Petratherm described below, the Company's trading symbol on the Canadian Securities Exchange was changed to "OZ" and the company completed a 3 for 1 security consolidation. In the quarter ended March 31, 2021 the Company began trading on the Frankfurt exchange under the symbol "S600" and the OTCQB under the symbol "OZBKF".

All information and amounts in these financial statements reflect retrospective treatment of the 3 for 1 consolidation unless specifically identified and described as such.

#### **ACQUISITION OF PROJECTS IN VICTORIA, AUSTRALIA**

On December 15, 2020, the Company closed the acquisition of the Victorian Gold Projects pursuant to the terms of an asset purchase agreement. The Company acquired, from Petratherm Ltd. ("Petratherm" – ASX listed symbol "PTR"), one exploration license, three exploration license applications and the right, title and interest in a mining and joint venture agreement by issuing 33,333,333 common shares ("Payment Shares") of the Company.

Petratherm distributed the Payment Shares to its shareholders on a pro rata, in-specie basis by way of dividend, reduction of stated capital, or other type of distribution on April 19, 2021 pursuant to the asset purchase agreement following a 125 day hold during which the shares were held in trust for Petratherm's shareholders. As such, there is no change of control of, or significance influence over the Company as the distributed shares of Outback are widely held.

The transaction was accounted for as an asset purchase of mineral property interests as it did not meet the definition of a business combinations under IFRS 3. The fair value of the consideration has been valued at \$20,000,000 or \$0.60 per share, which was consistent with the value received for the private placement shares issued which closed on November 17, 2020. The entire value of consideration transferred has been allocated to Exploration and Evaluation Assets on the balance sheet. The total transaction costs related to this acquisition were \$418,592 and were capitalized.

#### **PRIVATE PLACEMENT**

On November 17, 2020 the Company closed a non-brokered private placement by issuing 19,010,000 units, with each unit consisting of one share and one-half of a warrant at \$0.60 per unit for gross proceeds of \$11,406,000. Each full warrant entitles the holder to acquire one common share for a period of two years (expiry November 16, 2022), subject to an accelerated expiry if the volume weighted average trading price of the Company's shares is greater than \$2.25 per share for a period of 10 consecutive trading days (the "Acceleration Event"). The Company may give notice to the holders of the Acceleration Event and the warrants will expire 30 days thereafter if unexercised. The warrants were valued at \$NIL per warrant for accounting purposes, a residual value, as required under IFRS, and the full proceeds per unit was allocated to the common shares issued.

Finder's fees of \$598,274 cash and 846,150 broker warrants with an exercise price of \$1.50, expiring on November 16, 2022 were issued in connection with the private placement. The cash finder's fees and \$155,055 value of warrants, using the Black Scholes valuation model, were treated as share issuance costs in share capital.

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#### **OVERVIEW AND HIGHLIGHTS OF THE CURRENT PERIOD**

- The Company is completing its planned 4,000-meter drill program on the Glenfine project. The Company completed over 2,200 meters of diamond drilling and over 850 meters of reverse circulation drilling focused primarily along the Glenfine South to Reef 2 corridor. Drilling has tested for mineralization continuity up-dip and down-dip along Reef 2 and has also tested for mineralization continuity along strike between the Glenfine South Mine and the Reef 2 targets. Results demonstrate strong continuity of vein-hosted gold mineralization over 100 metres down-dip in Reef 2 with visible gold observed. Initial results were highlighted by an interval of 17.30 meters at 2.66 grams per tonne (g/t) gold in OGA0005.
- The Company satisfied its requirement in the quarter ended June 30, 2021 to earn 51% ownership in the Glenfine project JV which required spending \$1 million on exploration activities.
- At the Yuengroon project, the Company completed a high-resolution, 8,000 line kilometre magnetic and radiometric survey marking an important step in the plans to systematically advance the project and refine exploration and define drill targets in the Yeungroon area. The comprehensive data obtained from the review and interpretation of this survey together with that from previous geological and geochemical surveys, show that several high-priority zones of interest are defined within the main Golden Jacket, Moondyne and Wedderburn target areas.
- The exploration program at Ballarat West commenced after the exploration license was granted in the current quarter. Based on a compilation and review of all regional and property-scale geological, geochemical and geophysical data, the exploration team have identified multiple prospective areas of focus for Phase 1 exploration.
- The Company has assembled a top-notch exploration team on the ground and established a Ballarat-based site office and are now efficiently exploring.

#### **OUTLOOK**

For the Glenfine property, the Company is in the process of mobilizing the drill rigs from the Glenfine South - Reef 2 corridor to the British Banner target, 7.5 kilometers to the north. Drilling at British Banner will test for along strike continuity of north-trending, gold-bearing quartz veins. Further results from the remaining holes that were drilled during the year are pending and will be released once the assays are received from the lab and have been interpreted.

The Company ramped-up the exploration program for Yuengroon at the end of the fiscal year. Exploration will focus on investigating the structural setting and associated geochemical footprints of known reef-hosted gold mineralization as well as to define new targets worthy of drill testing. Based on a comprehensive review and interpretation of recently acquired, property-wide, airborne geophysical data, together with data from previous geological and geochemical surveys, several high-priority zones of interest are defined within the main Golden Jacket, Moondyne and Wedderburn target areas.

For Ballarat West, the Phase 1 exploration program will continue and will consist of geological mapping, rock-chip sampling and soil geochemical surveys. Follow-up ground-based geophysical surveys such as induced polarization (IP) and gravity will be completed and informed by results from the geochemical surveys. These surveys will be concentrated along and across known and inferred prospective structures that transect Castlemaine Group rocks; host to the nearby Ballarat, Clunes, Haddon and Creswick goldfields.

Early-stage exploration work will commence with the granting of the Exploration License at Silver Spoon.

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#### **EXPLORATION PROJECTS**

##### *Glenfine – Victoria, Australia*

Through the acquisition of the Victorian projects, the Company acquired a JV interest in a mining and joint venture agreement with two other parties. Glenfine is an advanced 96 km<sup>2</sup> exploration project with documented Ballarat style reef gold and Stawell style basalt contact gold mineralization. The British Banner and Glenfine Reef 2 targets have been systematically tested by drilling prior to the acquisition.

The Glenfine project is centered on a 30 km section of the north-trending, crustal-scale Avoca fault which juxtaposes Cambrian rocks of the Stawell zone to the west with Ordovician rocks of the Bendigo zone to the east. On the west side of the fault the property is underlain by a 20 km long by ~1 km wide, north-trending, Cambrian aged basalt dome termed the Glenfine Dome where widely spaced historic drilling along its eastern and western margins have outlined numerous occurrences of gold mineralization hosted near the basalt and meta-sediment contact. Previous exploration drilling intersected numerous intervals of significant gold mineralization at both target areas, such as 3.8 metres of 9.0 grams per tonne (g/t) Au with 1.3 metres of 23.4 g/t Au in hole CCD01 at British Banner and 3.8 metres of 5.7 g/t Au with 0.8 metres of 21.0 g/t Au in hole PFD031 at Glenfine.

The Company continues to focus on its drill program at its two priority targets at British Banner and Glenfine South. Drilling at both targets will continue to test the vertical and lateral extent of structurally-controlled, quartz reef-hosted, high-grade gold mineralization previously identified by historic drilling and historic small-scale reef-mining. Step-out drilling will also test for the presence of parallel mineralized-structures and also for disseminated gold mineralization in host-rocks peripheral to known mineralized quartz-reefs.

Running concurrently with the drill program, the geological mapping, rock-chip and soil sampling has commenced. This work will be focussed on the northern extent of the Glenfine tenements where post-mineralization, Neogene aged cover rocks are largely absent. The aim of this work will be to investigate areas of out-cropping Cambrian and Ordovician bedrock with previously documented local gold mineralization. Areas deemed prospective will be further investigated by soil geochemical surveys focused on identifying new areas of anomalous pathfinder elements (e.g., As and Sb). These data will be compiled with property-scale geophysical data to define new drill targets.

As at June 30, 2021, the Company spent the required \$1 million on exploration activities to earn a 51% ownership interest in the JV and have begun the administrative process to register the Company's ownership interest. The Company has the option to further increase its ownership to 80% over the next 2.5 years by spending an additional \$2 million. Once 80% ownership is acquired, the Company enter into an 80/20 JV or negotiate for the Company to own 100%.

##### *Yeungroon – Victoria, Australia*

The 698 km<sup>2</sup> Yeungroon property is transected by the north-trending, crustal-scale Avoca fault, which separates the western Stawell zone from the Eastern Bendigo zone. The western side of the Yeungroon property contains the historic Golden Jacket hard-rock reef mine associated with the regional-scale, northwest-trending Golden Jacket fault. Historic mining records indicate the Golden Jacket mine produced quartz-rich ore however, the vertical and lateral extent of mineralization has yet to be tested by drilling.

The eastern side of the project is underlain by Ordovician rocks of the Castlemaine group and comprises the northern extent of the Wedderburn Goldfield, where numerous small-scale, historic alluvial and hard-rock mines are located.

There is a shallow cover over most of the tenements, therefore, bedrock remains unexplored and poorly tested. There are 6 larger new as-in-soil anomalies that have been identified in the Wedderburn area and represent new exploration drill targets.

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The Company continues to focus on exploration activities at this project completing a geophysical survey in the year as well as commencing exploration efforts focussing on investigating the structural setting and associated geochemical footprints as well as defining new quality targets.

#### *Ballarat West – Victoria, Australia*

This project is adjacent to major goldfields such as Ballarat, Clunes and Creswick. There has been historic gold production from widespread deep lead mines on and adjacent to Tenement 1. The tenements have a shallow cover of between 10 and 80 meters.

The 44,800 hectare Ballarat West property is underlain by prospective rocks of the Stawell and Bendigo zones, separated by the north-trending Avoca Fault. The Mitchells and Grassies targets are hosted in Ordovician aged sedimentary rocks of the Castlemaine Group and are comprised of structurally-controlled gold-bearing quartz reefs with numerous historic workings covering a strike length of at least 300 metres at Mitchells and at least 250 metres at Grassies (GeoVic; <http://gsv.vic.gov.au/>). The true extent of these mineralized structures is not presently known and represent priority targets. Both targets are exposed in local windows of prospective Castlemaine Group rocks surrounded by widespread, post-mineralization cover rocks (gravels and basalts). The post-mineralization cover rocks extend to the southern boundary of the tenement where they thin and Bendigo Zone rocks dominate. Here, numerous quartz reef-centered historic workings are documented, associated with prominent regional-scale north-trending faults (e.g., Linton and Haddon goldfields).

The Company has commenced exploration on this project after being granted the Ballarat West tenement and will continue with its Phase 1 exploration program. The Company has engaged in procuring land holder access agreements in areas deemed strategically important for the Phase 1 exploration program.

#### *Silver Spoon – Victoria, Australia*

This project is close to major operating mines including Kirkland Lake's Fosterville Mine, on an area only lightly explored due to the shallow cover over most of the tenement. It has a 900 meter by 300 meter footprint as a soil anomaly. The project is in the Exploration License Application stage awaiting granting of an Exploration License.

### EXPLORATION EXPENDITURES

Total capitalized exploration costs and property carrying values for the year ended June 30, 2021 are as follows:

	Yeungroon property	Glenfine property	Ballarat West property	Silver Spoon property	Gossan and SBS properties	Total
Opening balance as at July 1, 2020	\$ -	\$ -	\$ -	\$ -	\$ 7,656	\$ 7,656
Acquisition costs	\$ 8,575,808	\$ 5,717,206	\$ 3,062,789	\$ 3,062,789		\$ 20,418,592
Exploration costs						
Chemical analysis	2,610	16,036	-	-	-	18,646
GIS & data management	81,698	14,817	4,406	4,741	-	105,662
Drilling and trenching		1,307,911			-	1,307,911
Geological services	14,170	125,235	17,286	10,416	-	167,107
Geophysical surveys	7,301	732	2,082	2,256	-	12,371
Materials and supplies		49,905			-	49,905
Project management	8,889	11,994	3,106	5,783	-	29,772
Recording and filing	1,733	4,531	-	-	-	6,264
Travel	205	4,787	-	205	-	5,197
	116,606	1,535,948	26,880	23,401	-	1,702,835
Closing balance as at June 30, 2021	\$ 8,692,414	\$ 7,253,154	\$ 3,089,669	\$ 3,086,190	\$ 7,656	\$ 22,129,083

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#### OVERALL PERFORMANCE

As an exploration stage company, the Company does not have revenues and is expected to generate operating losses. As at June 30, 2021, the Company had cash of \$6.8 million, an accumulated deficit of \$3.6 million and working capital of \$7.0 million. Management anticipates that expenses related to mineral exploration and administration of the Company will increase in the future on an annual basis. Such expenses will include increased exploration expenditures with respect to the properties and increased professional fees, and other costs associated with compliance with applicable securities laws.

#### Industry and Economic Factors that May Affect the Company's Performance

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all exploration and mining operations there is uncertainty and, therefore, risk associated with exploration and operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in a resource base.

- In particular, the Company does not generate revenue, and as a result, continues to be dependent on third party financing to continue exploration activities on the company's properties. Accordingly, the Company's future performance will be most affected by its access to financing, whether debt, equity or other means. Access to such financing, in turn, is affected by general economic conditions, exploration risks and the other factors described in the section entitled "risk factors" included below.
- The COVID-19 global pandemic has adversely affected the global economy. The Company's business travel has been restricted and various business operations including permitting processes and exploration mobilization have seen delays. The pandemic may impact the ability to raise funds in the future due to unforeseen circumstances including market volatility and investor apprehension. As of June 30, 2021, the pandemic has not had a material impact on the Company however due to ongoing focus by management on the situation and taking measures to mitigate the effects.

#### SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information for the Company. The selected financial information should only be read in conjunction with the Company's financial statements, including the notes thereto, for the same periods as filed on [SEDAR](#).

##### *Statements of Operations, Comprehensive Loss and Deficit Data, and Cash Flows*

			<b>Year ended June 30, 2021 (\$)</b>	Year ended June 30, 2020 (\$)
Total Revenue			-	-
Total Expenses			3,029,166	310,838
Net loss for the period			(2,990,716)	(310,838)
Loss per share (basic and diluted)			(0.08)	(0.05)
Net cash used in operating activities			(1,978,317)	(64,581)
Change in cash			6,671,110	(83,891)

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*Balance Sheet Data*

	As at June 30, 2021	As at June 30, 2020
	(\$)	(\$)
Current Assets	7,397,521	140,834
Mineral Properties	22,129,083	7,656
<b>Total Assets</b>	<b>29,576,817</b>	<b>148,490</b>
Current Liabilities	406,228	40,274
Long Term Debt	-	-
Shareholders' Equity	29,170,589	108,216
<b>Total Liabilities and Equity</b>	<b>29,576,817</b>	<b>148,490</b>

**RESULTS OF OPERATIONS**

The following discussion addresses the operating results and financial condition of the Company for the three month and year ended June 30, 2021 compared to the three months and year ended June 30, 2020. The MD&A should be read in conjunction with the Company's audited financial statements and the accompanying notes for the years ended June 30, 2021 and 2020.

During the year ended June 30, 2021, the Company generated no revenues and incurred expenses of \$3,029,166, and other income and foreign exchange gains of \$38,450. The increase in expenses in the year ended June 30, 2021 is related to the increased levels of business activity as a result of the projects' acquisition and related private placement in the quarter ended December 31, 2020, and the subsequent ramp up of exploration activity. For the year ended June 30, 2020, the Company had no revenue and expenses of \$310,838 (of which was \$116,362 of exploration write-offs and \$139,889 of share-based compensation expense) during a period of strategically searching for prospective mineral interests.

**SUMMARY OF QUARTERLY RESULTS**

The following information is derived from the Company's condensed consolidated interim financial statements prepared in accordance with IFRS applicable to interim condensed consolidated financial reporting including IAS 34. The information below should be read in conjunction with the Company's consolidated financial statements for the same periods. Consistent with the preparation and presentation of the Annual Financial Statements, the unaudited quarterly results are presented in Canadian dollars.

	June 30, 2021	March 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	-	-	-	-	-	-	-	-	-
Net loss for the period	(1,038,286)	(847,999)	(1,049,177)	(55,254)	(20,823)	(127,406)	(145,926)	(16,683)	(48,863)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.05)	(0.01)	(0.00)	(0.02)	(0.02)	(0.00)	(0.01)



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The Company does not derive any revenue from its operations. Its primary focus is the acquisition, exploration and evaluation of mineral properties. As a result, the loss per period has fluctuated depending on the Company's activity level. Therefore, quarterly periods are not comparable.

#### **LIQUIDITY**

In the three months ended December 31, 2020, the Company completed a non-brokered private placement raising gross proceeds of \$11,406,000. This financing has put the Company in a solid working capital position with total working capital at June 30, 2021 of \$6,991,293 including cash of \$6,802,090, to fund the next 12 months of exploration and general and administrative expenditures.

Net cash used for operating activities during the three months ended June 30, 2021 was \$1,978,316 (June 30, 2020 - \$64,581) while investing activities used to \$2,174,299 including \$1,702,835 of capitalized exploration and \$418,592 of acquisition costs.

#### **SHARE CAPITAL**

Material movements in the Company's share transactions are as follows in the three months and year ended June 30, 2021:

On November 17, 2020, the Company issued 57,030,000 pre-consolidation shares in connection with the private placement at a value of \$0.20 including one half warrant with each share, collectively called units.

On December 11, 2020, all shares outstanding were consolidated at a 3:1 ratio shown in Condensed Consolidated Interim Statements of Changes in Equity.

On December 15, 2020, the Company issued 33,333,333 post-consolidated shares in relation to the acquisition of the Victorian Gold Projects.

#### **CAPITAL RESOURCES**

The Company continues to raise capital through the issuance of common shares through private placements and is dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. Management currently believes that the Company has the cash required to fund operations for the next 12 months.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

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

#### **TRANSACTIONS WITH RELATED PARTIES**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and are considered related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Payments to key management personnel in the three months and year ended June 30, 2021 were made pursuant to their contracts and agreements in place and consist of cash-based payments as well stock-based compensation arising from options granted.

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	Year ended June 30,	
	2021	2020
Director remuneration	\$ 128,707	\$ -
Officer & key management remuneration	353,584	-
Advisory and other service fees	324,000	-
Share-based compensation	1,023,561	139,889
Total	\$ 1,829,852	\$ 139,889

During the three months and year ended June 30, 2021, no common shares were issued to related parties of the Company, but certain officers and directors of the Company participated in the private placement in the quarter ended December 31, 2020, acquiring shares of the Company.

The Company sub-leases its office space from an entity controlled by its Chairman. Sub-lease costs, office expenses and fees came into effect December 1, 2020 and are being incurred and paid monthly. In addition, transaction advisory fees of \$240,000 related to the Petrathern transaction were incurred upon closing of the transaction for services provided by this same entity. All dealings with this entity are at fair market value for services received by the Company.

**CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in a material adjustment to the carrying amount of the asset or liability affected in future periods.

A detailed summary of all of the Company's accounting estimates and assumptions is included in the audited annual financial statements ended June 30, 2021 filed on SEDAR.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements include the following:

*Impairment of exploration and evaluation assets*

Management applies judgement in assessing, each reporting period, whether there are any indicators of impairment related to exploration and evaluation assets. If an indicator exists, the recoverability of the exploration and evaluation asset is assessed using estimates, judgements and assumptions. To estimate recoverability, management considers current and forecasted commodity prices as well as the economic viability of the project. For the year ended June 30, 2021 there were no impairment indicators related to exploration and evaluation assets.

*Share-based payments*

The Company measures the fair value of its share-based payments using a valuation model which requires management to use judgements and estimates in determining the inputs of such model. These inputs include volatility, spot price of the underlying shares, and expected life of the share option.

*Valuation and allocation of consideration paid to acquired mineral properties*

Management applies judgement in determining the valuation of consideration paid for properties when acquired. Relevant factors and indicators are evaluated including current share price at time of acquisition, volume of shares traded at time of acquisition, and recent material financings. Furthermore, management applies judgement in

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determining the allocation of consideration paid amongst properties when acquired. Relevant factors and indicators are evaluated including status of the ability to explore, the geological prospectivity of the property, and land area open to exploration.

#### *Tax loss utilization*

Management applies judgement in assessing, each reporting period, whether incurred losses have the potential to be utilized against future profits.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

#### *Standards, Amendments, and Interpretations Not Yet in Effect*

The International Accounting Standards Board continually issues new and amended standards and interpretations which may need to be adopted by the Company. The Company continually assesses the impact that the new and amended standards and interpretations may have on its financial statements or whether to early adopt any of the new requirements. No new or amended standards and interpretations affected the financial statements for the year ending June 30, 2021.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, GST receivable, accounts payable and accrued liabilities and notes payable.

The fair values of the Company's financial instruments approximate their carrying value, due to their short-term maturities or liquidity. The Company's cash and amounts receivable are initially recorded at fair value and subsequently at amortized cost with accrued interest recorded in accounts receivable.

### **Financial instrument risk exposure**

As at June 30, 2021, the Company's financial instrument risk exposure and impact thereof on the Company's financial instruments is summarized below:

#### *Credit Risk, Liquidity Risk, Market Risk, Currency Risk, and Interest Rate Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at June 30, 2021, the Company has the majority of its cash on deposit with one of the largest Canadian banks. Management believes the risk of loss to be remote.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. The Company does not expect exchange rates, and commodity and equity prices to have a material impact to the Company.

The Company's operating costs are primarily in Canadian dollars and Australian dollars, therefore any fluctuations of the Canadian dollar in relation to the Australian dollar may affect the net losses and value of some assets and liabilities of the Company. Management believes that any currency risk from foreign exchange conversion or changes in cost structure is not significant.

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates but the expected risk is deemed insignificant due to the continued expected low interest rate risk environment.

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For the year ended June 30, 2021 and 2020

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Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of March 31, 2021.

#### **DISCLOSURE OF OUTSTANDING SECURITY DATA**

##### *Common Shares, Share Options, and Warrants*

As at June 30, 2021 and the date of this MD&A, the Company had: 58,370,500 Common Shares issued and outstanding; 5,828,333 Options outstanding; and 10,351,350 Warrants outstanding.

#### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The Company anticipates that its working capital of \$6,991,293 at June 30, 2021, will fund all exploration programs, operations and payments for the next 12-month period. The funds necessary for the Company to achieve its stated business objectives to carry out its exploration programs and to cover anticipated administrative costs for the next 12-month period are in place.