

# **VAL D'OR MINING CORPORATION**

# MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

DATED: November 23, 2020

## SCOPE OF THIS MANAGEMENT'S DISCUSSION AND ANALYSIS AND NOTICE TO INVESTORS

This management's discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of November 23, 2020, and complements the unaudited condensed interim financial statements of Val-d'Or Mining Corporation ("Val-d'Or" or the "Company"), for the three and nine months ended September 30, 2020 and 2019.

The condensed interim financial statements and related notes have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited financial statements of the Company and the notes thereto for the year ended December 31, 2019. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The unaudited condensed interim financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on November 23, 2020. These documents and more information about the Company are available on SEDAR at <a href="www.sedar.com">www.sedar.com</a>.

Mr. Glenn J. Mullan P. Geo., the President and Chief Executive Officer of Val-d'Or Mining, and Mr. Michael P. Rosatelli M.Sc., P.Geo., the Vice-President Exploration of Val-d'Or Mining are the Qualified Persons (as that term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects) who approved the technical disclosure included in this MD&A.

# FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results are summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such

statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

## **ABOUT VAL-D'OR MINING CORPORATION**

The Company, incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under its trading symbol "VZZ".

As at September 30, 2020, Golden Valley Mines Ltd. ("Golden Valley"), a significant shareholder, held a 36.86% (December 31, 2019 – 37.15%) interest in the Company.

#### MINERAL PROPERTIES

Val-d'Or Mining is a natural resource issuer involved in the process of acquiring and exploring its diverse mineral property assets, most of which are situated in the Abitibi Greenstone Belt of NE Ontario and NW Québec. To complement its current property interests, the Company regularly evaluates new opportunities for staking and/or acquisitions. Outside of its principal regional focus in the Abitibi Greenstone Belt, the Company holds several other properties in Northern Québec (Nunavik) covering different geological environments and commodities.

The Company has expertise in the identification and generation of new projects, and in early-stage exploration. The mineral commodities of interest are diverse, and range from precious and base metals (gold, copper-zinc-silver, nickel-copper-PGE) to industrial and energy minerals. After the initial value creation in the 100%-owned, or majority-owned properties, the Company seeks option/joint venture partners with the technical expertise and financial capacity to conduct more advanced exploration projects.

## PROPERTY PORTFOLIO AS OF SEPTEMBER 30, 2020

As of September 30, 2020, Val-d'Or Mining's assets included 100% ownership interests in a total of 56 actively operated properties covering an area of 36,820 hectares. Divided by its principal areas of interest, the property ownership was as follows:

Ontario	19 properties	13,478 hectares
Québec	32 properties	14,569 hectares
Québec North	5 properties	8,773 hectares

As of September 30, 2020, the Company had no active joint ventures.

In addition to the actively operated property holdings, the Company has passive property holdings. The ownership in those properties is in the form of net smelter returns ("NSR"). As of September 30, 2020, Val-d'Or Mining's ownership interests included passive holdings in 2 properties covering an area of 5,628 hectares. Divided by its principal areas of interest, the property ownership was as follows:

Ontario	2 properties	5,628 hectares
Québec	n/a	n/a
Québec North	n/a	n/a

#### MANAGEMENT OF PROPERTY PORTFOLIO

As part of its ordinary business activities, the Company drops claims that are no longer considered to be material to the Company and/or stakes new claims to enhance existing properties or to pursue new geological ideas.

In the third quarter of 2020, the Company made no changes to its portfolio of mineral properties. Activity related to staking and dropping claims was reduced as a direct result of COVID -19 measures implemented by the *Ministère de l'Énergie et des Ressources naturelles* ("MERN") in Québec and the *Ministry of Northern Development and Mines* ("MNDM") in Ontario, whereby claim owners were granted an automatic extension of time (Québec) or could apply for an exclusion of time through the *Mining Lands Administration System* ("MLAS") (Ontario).

In Québec, due to the exceptional circumstances surrounding the COVID-19 pandemic, the MERN has announced the term suspension of all claims currently in force for a 12-month period effective immediately on April 9, 2020.

In Ontario, although the MNDM has not provided blanket relief to holders of mining claims, relief may be available to claim holders by making an application for an extension of time or the exclusion of time to perform assessment work under the Mining Act.

Following the significantly reduced activity in the second quarter of 2020, the conditions had improved sufficiently during the third quarter of 2020 to allow the Company to recommence its 2020 field exploration program.

# Oregon Gold Prospect – Prospecting Program

The Company conducted a prospecting program on its 100%-owned Oregon gold prospect (see news release dated July 15, 2020). Initial assay results from thirty-two rock grab samples collected as part of this program were announced in a news release dated August 13, 2020. Final results, including the assay results from an additional thirty-three rock grab samples were announced on September 3, 2020.

The results of this program have helped confirm the Company's model of an intrusive-hosted, bulk tonnage gold environment. Observations indicate that a series of cross-cutting, structurally controlled high-grade zones are surrounded by a halo of lower grade mineralized host rock (granodiorite) material. The granodiorite host rock has been documented to be approximately 100-150 metres wide and extends

over a distance of more than 2,000 metres. Gold-bearing rock samples have now been encountered at exposed sections from the north-western end (NW showing, see results further below) all the way along to the south-eastern end (newly discovered SE showing, see results from sample X369278 - news release dated August 13, 2020). The highest-grade sample (sample 369310, grading **54.8 g/t gold**) was collected at the Oregon showing (see results further below), which is located about 400 metres north-west of the south-eastern end of the granodiorite host rock.

Furthermore, the results indicate that anomalous mineralization occurs along a series of E-W shear zones that transect (splays – conjugate faulting) the predominate NW-SE regional deformation. These splay faults have been demonstrated to be favourable for their potential to host economic gold deposits in the Abitibi Greenstone Belt.

A follow-up program of selective overburden stripping, bedrock cleaning and detailed geological / structural mapping is planned over the known mineralized gold showings and other prospective geological targets, as the Company prepares for its upcoming maiden drill campaign on the property.

# Magoma Gold Prospect – Prospecting Program

The Company conducted a prospecting program on its 100%-owned Magoma gold prospect (see news releases dated September 10, 2020). The objective of this program was to identify the strike extensions of the historical gold mineralization and to explore for potential parallel mineralized zones. This program has been completed after the quarter end. It was successful in tracing the shear zone corridor for over 900 metres from the historic gold showing along strike to the NW. A wide NW-SE trending corridor is characterized by strongly banded schist and quartz veins. The results have been reported in a news release dated November 19, 2020. A follow-up program of selective overburden stripping, bedrock cleaning and detailed geological / structural mapping is planned for the next stage of exploration at the Magoma Prospect.

# OBJECTIVES FOR THE REST OF THE YEAR 2020 AND EVENTS SUBSEQUENT TO THE QUARTER

Subsequent to the quarter, the Company announced on October 27, 2020 a property transaction with Québec Nickel Corp. ("QNC"), an arms-length privately-owned corporation. The Company will sell a consolidated land package that consists of several of its existing nickel-copper-PGE properties located in Ducros Township (namely Ducros Fortin, Ducros Sill, Lac Ducros, Township Line, and U-Turn) together with some newly staked claims. The group of properties and claims combined consists of 242 mining claims, and is approximately 12,818 ha in size and prospective for sulphide nickel, copper, PGE's and gold. In consideration for the properties, QNC will issue 3,589,341 special warrants to the Company, of which Golden Valley will receive 80,880 special warrants in accordance with the terms of the amended and restated option agreement between the Company and Golden Valley dated November 28, 2019. One business day prior to the date that QNC's shares are listed on a Canadian exchange, each special warrant will, for no additional consideration, be automatically converted into one common share of QNC. Upon conversion of the special warrants, the aggregate number of shares held by the Company and Golden Valley will amount to approximately 9.99% of the then issued and outstanding shares of QNC. In addition, the Company will be granted a royalty of 1.5% of the net smelter returns from the properties which were vended under the agreement, as well as those properties which were staked or will be otherwise acquired by QNC within an area of influence. Commencing on the 4<sup>th</sup> anniversary of the date of the purchase agreement, QNC shall pay to the Company advance minimum yearly royalty payments of \$10,000.

Apart from this property transaction, the Company continues work on several exploration programs. Weather permitting, the Company plans include stripping programs on its Oregon and Magoma properties as well as a geophysical survey on its Riviere Lois property. Several other programs are being prepared for completion in 2021.

#### DETAILS ABOUT OTHER CONTRACTUAL OBLIGATIONS REGARDING CERTAIN MINERAL PROPERTIES

The Company acquires and disposes of its properties as part of its ordinary business. In the case of property acquisitions from third parties, there may be contractual obligations. A description of significant contracts and certain specific obligations follows:

a) Abitibi Greenstone Belt Properties Acquired from Golden Valley Mines Agreement dated December 5, 2019)

On April 18, 2017, the Company signed an Option Agreement with Golden Valley to acquire a 100% interest in the Abitibi Greenstone Belt Prospect consisting of 61 grassroots properties. This Agreement was subsequently amended on November 28, 2019, and the Company exercised its option on December 5, 2019. The Company has an obligation to issue 4,166,667 shares on or before December 31, 2020.

In addition, Golden Valley will be eligible to receive 20% of the proceeds of all third-party transactions pertaining to the properties that Val-d'Or Mining enters into and announces on or before December 31, 2022. Further, the properties are subject to a royalty in favour of Golden Valley Mines equal to 1.25% of the net smelter returns, whereby Val-d'Or Mining has a partial buyback right. The partial buyback right pertains to each individual property, whereby 1% may be bought for \$500,000 on a property by property basis with a maximum total consideration of \$5,000,000 at which point in time the NSR royalty on all the properties would be reduced by 1.0%.

b) Mining Option Agreement Regarding the Boston Bulldog Prospect (Agreement dated February 16, 2015)

On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, March 24, 2017, January 19, 2018, March 5, 2019, and April 7, 2020, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by the President and Director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty.

In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of \$5,000 in cash to cover the cost of staking the property and issued 300,000 common shares (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur exploration expenditures of \$50,000 by April 7, 2021. In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. \$1,000,000 at any time on or before February 16, 2022.

# c) Shoot-Out Prospect (Agreement announced on December 16, 2002)

The Shoot-Out Prospect is the combination of several properties, which are located in the Raglan Belt (Nunavik) of northern Québec. The Company has a 100% ownership interest in these properties whereby several claims are subject to a 3% NSR in favour of the original vendors, one of which is a director and President of the Company.

# d) Fortin Prospect (Agreement announced on November 8, 2004)

The Fortin Prospect is located in the central part of Ducros Township, approximately 80 kilometres northeast of the City of Val-d'Or, Québec, and consists of 5 contiguous mining claims covering 200 ha. The Company holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at any time with a 0.5% buyback for \$500,000 and 1% buyback for \$1,000,000.

## SELECTED FINANCIAL INFORMATION

#### FINANCIAL CONDITION REVIEW

	As at September 30, 2020	As at December 31, 2019
Cash and cash equivalents	\$ 535,946	\$ 47,866
Investments	797,653	727,653
Tax credit receivable	72,414	93,336
Due from related parties	13,589	43,463
Other current assets	51,119	38,826
Exploration and evaluation assets	204,207	173,435
Other long-term assets	11,869	13,243
Total Assets	\$ 1,686,797	\$ 1,137,822
Accounts payable and accrued liabilities	17,982	83,768
Flow-through premium liability	157,322	-
Long-term debt	40,000	-
Other liabilities	2,819	4,364
Total Liabilities	\$ 218,123	\$ 88,132
Total Equity	\$ 1,468,674	\$ 1,049,690

#### **ASSETS**

## Cash and cash equivalents

The Company ended the third quarter of 2020 with cash and cash equivalents of \$535,946 compared to \$30,366 as at December 31, 2019. The improvement in the Company' cash position relates to two

completed non-brokered private placements for combined gross proceeds of \$760,000; specifically, the Company issued 5,333,332 Units at a per Unit price of \$0.075 for gross proceeds of \$400,000 in May 7, 2020 and issued 1,500,000 Flow-through Shares at a per Share price of \$0.24 for gross proceeds of \$360,000 in July 3, 2020.

#### Investments

The current portion of investments of \$70,000 (December 31, 2019 - \$nil) is comprised of marketable securities representing shares of publicly traded mining exploration companies that are recorded at fair value using quoted market prices.

The long-term portion of investments is comprised of common shares of private companies with a fair value of \$727,653 (December 31, 2019 - \$727,653).

#### Tax credit receivable

Tax credit receivable of \$72,414 (December 31, 2019 - \$93,336) relate to government tax mining credits, which has been applied against the exploration and evaluation costs to which it relates.

# Due from related parties

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at September 30, 2020, the Company had a net receivable balance of \$13,589 (December 31, 2019 – net receivable of \$43,463) due from related parties of which \$10,644 (December 31, 2019 – net receivable of \$8,400) was due from Golden Valley, \$nil (December 31, 2019 – net payable of \$1,348) was due to a company controlled by the President, and of \$2,945 (December 31, 2019 – net receivable of \$36,411) due from companies related by common management.

#### Other current assets

Other current assets mainly relate to sales taxes recoverable of \$29,709 (December 31, 2019 - \$10,802), an advance of \$11,604 (December 31, 2019 - \$11,604) held with one of the Company's suppliers for geophysics services and prepaid insurance of \$8,584 (December 31, 2019 - \$11,624)

# Exploration and evaluation assets

Exploration and evaluation assets increased from \$173,435 as at December 31, 2019 to \$204,207 as at September 30, 2020 as a result of additions amounting to \$23,551 and of the recognition of a net recovery of \$18,266. At each reporting period, the Company performs a comprehensive review of the recoverability of its properties in light of the objective of advancing and enhancing a limited number of key properties. Additions of \$23,551 to Exploration and evaluation assets for the nine months ended September 30, 2020 were for prospecting expenditures of properties in the Abitibi Greenstone Belt of Québec and Ontario.

# LIABILITIES AND EQUITY

Total liabilities of \$218,123 as at September 30, 2020 (compared to \$88,132 as at December 31, 2019) mainly consisted of trade payables of \$17,982 (December 31, 2019 - \$83,768), loan of \$40,000 (December 31, 2019 - \$nil) relating to the Canada Emergency Business Account interest-free loan to cover operating costs, which repayment on or before December 31, 2022 will result in a loan forgiveness of \$10,000, and a premium liability of \$157,322 as discussed below

# Flow-through premium liability.

On July 3, 2020, the Company completed a non-brokered private placement offering (the "Offering") for gross proceeds of \$360,000. The Company issued 1,500,000 Flow-Through Common Shares (the "FT Shares") under the Offering at a price of \$0.24 per FT Share. The flow-through shares were issued at a premium of \$11.0 per share to the current market price of the Company's shares at the day of issue. A premium liability of \$157,322 was recognized after allocating the Finder's fees in the form of warrants to acquire 90,416 shares, fair valued at \$7,678, at a per share price of \$0.24 until July 3, 2022, paid to arm's-length's finders who introduced the Company to investors.

# Total Equity

Total equity as at September 30, 2020 was \$1,468,674 compared to \$1,049,690 as at December 31, 2019, a increase of \$418,984, mainly from the assigned value of \$750,000 from the issuance of 4,166,667 common shares of the Company relating to the mining option agreement with Golden Valley, combined gross proceeds of \$760,000 received from the issuance of 5,333,332 units and of 1,500,000 Flow-through shares under the two recently completed non-brokered private placement as discussed above, offset by the net loss of \$1,096,415 for the nine months ended September 30, 2020.

#### DISCUSSION AND RESULTS OF OPERATIONS

This table presents selected information for the three and nine months ended September 30, 2020 and 2019:

	For the three months			For the nine months ended			
	Septe	September 30,			September 30,		
	2020		2019	2020		2019	
Operating expenses	\$ 100,415	\$	83,235 \$	1,249,579	\$	341,794	
Other expenses (income)	(72,216)		(23,082)	(153,164)		(22,112)	
Net loss and comprehensive loss	\$ 28,199	\$	60,153 \$	1,096,415	\$	319,682	
Basic and diluted loss per common share	\$ 0.001	\$	0.001 \$	0.021	\$	0.008	

The net loss for the three and nine months ended September 30, 2020 was \$28,199 (or \$0.001 loss per share) and \$1096,415 (or \$0.023 loss per share) compared to \$60,153 (or \$0.1 loss per share) and \$319,682 (or \$0.008 loss per share) for the same periods in 2019.

The increase in net loss for the nine months ended September 30, 2020 was mainly the result of the payment of \$750,000, representing the issuance of 4,166,667 common shares of the Company, pursuant to the mining option agreement with Golden Valley and share-based payment of \$171,023 from the grant of 1,311,350 incentive stock options at an exercise price of \$0.15 per share. In addition, exploration and evaluation expenses, consulting fees and salaries and other employee benefits were higher for the three and nine months ended September 30, 2020 due to lower capitalization of these expenses to Exploration and Evaluation assets in 2020 resulting from the Company's review of the recoverability of its properties at each reporting period, offset by decreases in travel expenses from costs containment measures and effects of COVID-19 imposed travel restrictions.

Other income of \$72,216 and \$153,164 for the three and nine months ended September 30, 2020 included an unrealized gain of \$10,000 and \$45,000 on investments held by the Company, respectively. Other income for the nine months ended September also included a gain on sale of \$25,086 relating to the sale transaction with Sparton Resources Inc in the first quarter of 2020. Furthermore, the Company has recognized mining tax credits of \$63,368 and \$84,531 as other income for the three and nine months ended September 30, 2020.

## **CASH FLOW REVIEW**

	For the nine months ended September 30				
		2019			
Operating activities	\$	(392,489)	\$ (292,518)		
Investing activities		90,948	(362,775)		
Financing activities		789,621	166,217		
Increase (decrease) in cash and cash equivalents	\$	488,080	\$ (489,076)		

Operating activities for the nine months ended September 30, 2020 resulted in cash outflows of \$392,489 compared to cash outflows of \$292,518 in 2019. Cash outflows from operating activities in 2020 has increased due to lower capitalization of exploration and evaluation expenses, including related consulting fees and salaries and other employee benefits expenses, to Exploration and Evaluation assets. Any capitalization of these expenses is reflected in the Investing Activities in the Statements of Cash Flows.

Investing activities for the nine months ended September 30, 2020 resulted in cash inflows of \$90,948 compared to cash outflows of \$362,775 in 2019. The improvement in cashflows from investing activities in 2020 relate to the receipt of mining tax credits amounting to \$114,499 and lower additions to exploration and evaluation assets.

Financing activities for the nine months ended September 30, 2020 resulted in cash inflows of \$789,621 compared to cash inflows of \$166,217 in 2019. The improvement in cashflows from financing activities in 2020 relate to the recently completed non-brokered private placements for combined gross proceeds of \$760,000 as discussed above.

# SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the 8 most recently completed quarters as derived from the Company's respective financial statements and notes thereto. The following information should be read in conjunction with the referenced financial statements, and the notes to those statements.

	Sept	Jun	Mar	Dec	Sept	Jun	Mar	Dec
	2020	2020	2020	2019	2019	2019	2019	2018
Operating expenses	\$ 100,415 \$	1,012,299 \$	136,865 \$	1,467,273 \$	83,235 \$	118,465 \$	140,094 \$	158,448
Other expenses (income)	(72,216)	(55,772)	(25,176)	(619,339)	(23,082)	585	385	2,967
Net loss and comprehensive								
loss	\$ 28,199 \$	956,527 \$	111,689 \$	847,934 \$	60,153 \$	119,050 \$	140,479 \$	161,415
Basic and diluted net loss per								
common share	\$ (0.000) \$	(0.019) \$	(0.002) \$	(0.020) \$	(0.001) \$	(0.003) \$	(0.004) \$	(0.005)

## LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

As of September 30, 2020, the Company had cash and cash equivalents of \$535,946. The Company improved its cash position with the recently completed non-brokered private placements for combined gross proceeds of \$760,000.

Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months.

Please refer to the Risk and Uncertainties section for more information.

# INFORMATION ON OUTSTANDING SECURITIES

The following table sets out the number of common shares, warrants and options outstanding as of the date hereof:

Common shares outstanding:	58,388,470
Stock options exercisable:	5,293,011
Average exercise price of:	\$ 0.11
Warrants outstanding:	12,146,838
Average exercise price of:	\$ 0.14

Stock options outstanding:						
Expiry date	Exer	cise price	Number of stock options outstanding			
May 16, 2021	\$	0.065	424,301			
February 5, 2023	\$	0.105	2,375,000			
October 24, 2023	\$	0.110	510,097			
June 17, 2024	\$	0.075	672,263			
June 26, 2025	\$	0.150	1,311,350			
			5,293,011			

Warrants outstanding:			
Expiry date	Exer	cise price	Number of warrants outstanding
November 30, 2020	\$	0.100	700,000
November 30, 2020	\$	0.150	7,400,000
October 18, 2021	\$	0.150	1,159,090
May 7, 2022	\$	0.100	2,797,332
July 3, 2022	\$	0.240	90,416
			12,146,838

# **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as at September 30, 2020 or as at the date of this MD&A.

#### **CRITICAL ACCOUNTING ESTIMATES**

The critical judgements and estimates are disclosed in note 5 of the unaudited interim financial statements as at September 30, 2020.

# RELATED PARTY TRANSACTIONS

Transactions with a shareholder

For the three and nine months ended September 30, 2020, Golden Valley recharged general and administrative expenses of \$3,477 and \$3,477 to the Company, respectively. For the three months ended September 30, 2019, Golden Valley recharged claim renewal fees and administrative expenses to the Company for a total amount of \$22,550, of which \$10,845 was capitalized as Exploration and Evaluation assets and the remaining \$11,705 was recorded in the statement of net loss.

For the nine months ended September 30, 2019, Golden Valley recharged claim renewal fees and administrative expenses to the Company for a total amount of \$55,702, of which \$19,185 was capitalized as Exploration and Evaluation assets and the remaining \$36,517 was recorded in the statement of net loss.

For the three and nine months ended September 30, 2020, no consultant fees (for the three and nine months ended September 30, 2019 - \$6,000 and \$18,000, respectively) were incurred from Golden Valley relating to the services of the Company's CFO.

For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at September 30, 2020, the Company had a net receivable of \$10,644 (December 31, 2019 – net receivable of \$8,400) due from Golden Valley.

#### Transactions with key management

Key management personnel of the Company comprise of the members of the Board of Directors, as well as the President, the Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO") and the Vice-President Exploration ("VP Exploration").

For the three and nine months ended September 30, 2020, the Company incurred geological fees of \$3,000 and \$3,000 respectively with the CEO which were recorded under Exploration and evaluation expenses in the statement of net loss (for the three and nine months ended September 30, 2019 - \$nil and \$nil).

For the three and nine months ended September 30, 2020, the Company incurred fees of \$24,000 and \$72,000 respectively with the COO which were recorded under consulting fees in the statement of net loss (for the three and nine months ended September 30, 2019 - \$24,000 and \$72,000, with the COO of which \$18,000 and \$54,000 was capitalized as Exploration and Evaluation asset and \$6,000 and \$18,000 was recorded under consulting fees in the statement of net loss, respectively). As at September 30, 2020, no amount (December 31, 2019 - \$14,400, included in accounts payable and accrued liabilities) was due to the COO.

For the three and nine months ended September 30, 2020, the Company incurred fees of \$6,193 and \$53,058, respectively with the VP Exploration which fees were recorded under Exploration and evaluation expenses in the statement of net loss (for the three and nine months ended September 30, 2019 - \$30,128 and \$90,383, respectively, which were recorded under Exploration and Evaluation asset. As at September 30, 2020, the amount of \$1,283 (December 31, 2019 - \$18,969) is due to the VP Exploration and is included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2020, the Company granted stock options to key management personnel to purchase an aggregate 1,220,000 common shares of the Company. The Company recorded a stock-based compensation of \$159,110 as part of this transaction.

For the three and nine months ended September 30, 2019, the Company granted stock options to key management personnel to purchase an aggregate 547,263 common shares of the Company. The Company recorded a stock-based compensation of \$34,657 as part of this transaction.

# Transactions with related parties

For the three and nine months ended September 30, 2020, the Company incurred fees of \$nil and \$7,000 (for the three and nine months ended September 30, 2019 - \$10,500 and \$31,500) with an individual, the spouse of the President, as part of a consulting agreement for corporate finance and advisory services which expired in February 2020. These fees were recorded under consulting fees in the statement of net loss.

For the three and nine months ended September 30, 2020, the Company incurred rent and occupancy fees of \$nil and \$3,000 respectively with a company controlled by the President which fees were recorded under office expenses in the statement of net loss (for the three and nine months ended September 30, 2019 - \$3,000 and \$9,000 of which \$2,250 and \$6,750 was recorded under Exploration and Evaluation asset and \$750and \$2,250 was recorded in the statement of net loss.).

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at September 30, 2020, the Company had a net receivable balance of \$13,589 (December 31, 2019 – net receivable of \$43,463) due from related parties of which \$10,644 (December 31, 2019 – net receivable of \$8,400) was due from Golden Valley, \$nil (December 31, 2019 – net payable of \$1,348) was due to a company controlled by the President, and of \$2,945 (December 31, 2019 – net receivable of \$36,411) due from companies related by common management.

#### COMMITMENTS

- a) The Company has entered into a long-term agreement for the lease of an equipment expiring on July 25, 2022, which will require total lease payments of \$11,768. The minimum lease payments for the next years are \$2,769 in 2020 and 2021 and \$1,384 in 2022.
- b) The Company entered into a consulting agreement with the CEO for an annual payment of \$12,000. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to \$200,000 if the consulting agreement is terminated by the Company, and \$100,000 if the consulting agreement is terminated by the CEO within six months from the date of change of control.
- c) The Company entered into a consulting agreement with the COO for an annual payment of \$96,000. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to \$200,000 if the consulting agreement is terminated by the Company, and \$100,000 if the consulting agreement is terminated by the COO within six months from the date of change of control.
- d) The Company entered into a consulting agreement with the VP Exploration for an annual payment of \$13,390. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to \$200,000 if the consulting agreement is terminated by the Company, and \$100,000 if the consulting agreement is terminated by the VP Exploration within six months from the date of change of control.

e) As of September 30, 2020, the Company has still to incur exploration expenditures in an amount of \$336,450 from its flow-through funds.

#### CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The changes in accounting policies including those that have not been adopted are explained in note 4 of the unaudited interim financial statements as at September 30, 2020.

#### RISKS RELATED TO FINANCIAL INSTRUMENTS

Please refer to Note 20 of the audited financial statements for the year ended December 31, 2019, for a full description of these risks.

#### RISKS AND UNCERTAINTIES

An investment in the common shares of the Company involves a high degree of risk and must be considered highly speculative due to the financial and operational risks inherent to the nature of the Company's business and the present stage of exploration and development of its mineral resource properties. These risks may affect the Company's eventual profitability and level of operating cash flow. Prospective buyers of the common shares of the Company should consider the following risk factors:

## COVID-19

At this time, the extent of the impact the COVID-19 pandemic 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. Adverse effects of coronavirus developments on consumer confidence, market stability and public health creates uncertainties on macroeconomic conditions and may also result in closures, cancellations of, or reductions in operations or production on properties where the Company holds interests.

## Climate Change

The Company has its own properties and properties under option agreements in various regions and jurisdictions where environmental laws are evolving and are not consistent. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased costs directly or indirectly affecting the Company. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could have an adverse financial impact on operations located in the regions where these conditions occur, directly or indirectly impacting the business of the Company.

# **Investment of Speculative Nature**

Investing in the Company, at this early stage of its development, is of a highly speculative nature.

# Nature of Mineral Exploration and Mining

There is no known mineral resource on the Company's properties. Mineral exploration and development involve a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

# Exploration and Development Risks

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

# Additional Financing

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

# Stress in the Global Economy and Financial Condition

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing.

## Permits and Licenses

There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

## Competition

The mineral exploration and mining business is competitive in all of its phases. There is no assurance that the Company will be able to compete successfully with the competition in acquiring suitable properties or prospects for mineral exploration.

# No Assurance of Title to Property

The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects.

# Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

# **Political Regulatory Risks**

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

# **Conflicts of Interest**

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

## Insurance

The Company will remain at risk and will be potentially subject to liability for hazards associated with mineral exploration which it cannot insure against or which it has elected not to insure against because of premium costs or other reasons.

# *Influence of Third-Party Stakeholders*

Claims by third parties on the lands in which the Company holds interests, or the exploration equipment and road or other means of access which the Company intend to utilize in carrying out work programs or general exploration mandates, even if not meritorious, may create delays resulting in significant financial loss and loss of opportunity for the Company.

# Fluctuation in Market Value of Shares

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity. The future effect of these and other factors on the market price of Company's shares on the Exchange cannot be predicted.