

Cartier Iron Corporation

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Cartier Iron Corporation (the "Company") for the 9 months ended September 30, 2020 and should be read in conjunction with the unaudited condensed interim financial statements and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards.

The MD&A is the responsibility of management and is dated as of November 30, 2020.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.cartieriron.com.

Forward-Looking Statements

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

See page 9 for Material assumptions and risk factors for forward-looking statements.

The Company

The Company is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is a reporting issuer in Ontario and Alberta and its common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the trading symbol "CFE".

Overall Performance

Private placement of units

On September 10, 2020, the Company completed the first tranche of a private placement which consisted of 7,142,858 units at a price of \$0.07 per unit for proceeds of \$500,000. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share for \$0.10 until September 10, 2023. In connection with the private placement, the Company paid a finder's fee of \$30,000 and issued 428,571 finder's warrants with the same terms as the unit warrants.

On September 17, 2020, the Company completed the second tranche of a private placement which consisted of 11,357,142 units at a price of \$0.07 per unit for proceeds of \$795,000. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share for \$0.10 until September 17, 2023. In connection with the private placement, the Company paid finder's fees of \$8,364 and issued 119,490 finder's warrants with the same terms as the unit warrants. Directors and officers acquired 2,793,000 units.

Canada Emergency Business Account loan

The Government of Canada announced that it will be providing the Canada Emergency Business Account ("CEBA") to support Canadian businesses that have been adversely affected by COVID-19. On April 20, 2020, the Company received a \$40,000 CEBA term loan. The term loan is government guaranteed, interest-free until December 31, 2022, and if not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing interest at the rate of 5%. The term loan can be repaid at any time without penalty and if \$30,000 is repaid by December 31, 2022, the remaining \$10,000 will be forgiven.

Investment in Eloro

As at September 30, 2020, the Company held 2,090,000 Eloro common shares (December 31, 2019 - 3,000,000 common shares) representing 4.38% (December 31, 2019 - 7.76%) of the outstanding Eloro common shares. As at November 27, 2020, the Company's holding of 2,090,000 Eloro common shares had a fair value of \$3,762,000.

Gagnon

The Company owns a 55% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie) and Jeannine, consisting of 126 claims covering 66.73 square kilometres in the Fermont Iron Ore District in the Labrador Trough in northeastern Québec ("Gagnon").

Table 1: Summary of Gagnon Holdings

Property	Number of claims	Area (km ²)
Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie)	111	58.75
Jeannine Lake	15	7.98
Totals	126	66.73

A joint venture was formed between the Company and Champion to incur additional exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. The other joint venture partner will have the option to reduce the royalty from 1% to 0.5% by making a payment of \$3,000,000.

In the event that a joint venture partner proposes to acquire any property within 10 kilometres of Gagnon, the acquirer must offer the property at cost to the other party for inclusion in Gagnon.

As at December 31, 2019, facts and circumstances suggested that the carrying amount of Gagnon may exceed its recoverable amount. As required by International Financial Reporting Standard 6, *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"), the Company assessed Gagnon for impairment. The Company concluded that there were a number of indicators of impairment, and accordingly, recorded an impairment of exploration and evaluation of \$18,627.

The Company has incurred the following cumulative exploration and evaluation expenditures on Gagnon:

	December 31, 2019	Expenditures	September 30, 2020
	\$	\$	\$
Gagnon	3,896,172	560	3,896,732

As at September 30, 2020, Champion held 14,644,971 common shares of the Company (December 31, 2019 - 14,644,971), representing 17.06% of the outstanding common shares of the Company (December 31, 2019 - 22.35%). Pursuant to a standstill agreement, Champion may not sell or transfer more than 2,000,000 common shares during any 30-day period.

Gagnon Holdings - Exploration

The Gagnon Holdings are adjacent and in close proximity to Arcelormittal's Mont Reed property which encompasses the Mont Reed Mine deposit.

On December 19, 2013, the Company reported the completion of a National Instrument 43-101 compliant Mineral Resource Estimate ("MRE") for the Penguin Lake Project, authored by Abder Ladidi, P. Geo., an independent Qualified Person of MRB & Associates ("MRB") of Val d'Or, Quebec. Based on 10 drill holes totaling 3,315 m, the MRE reported 531 million tonnes ("Mt") grading 33.1% Total Iron ("FeT") of In-pit Inferred Resources at a 15% FeT cut-off grade. The global in-situ mineral resource of 534.8 Mt grading 33.1% FeT was subject to a Whittle pit optimization to estimate the portion of in-situ Mineral Resource within the pit shell. P&E Mining Consultants of Brampton, ON were contracted by MRB to run the pit shell using a 1.05:1.00 \$CDN:\$US exchange rate, a mining cost of \$2.50/Tonne, and a charge of \$18.10/Tonne for the total processing, G&A, and freight costs. The process recovery, estimated to be 82%, an iron ore price of \$1.77/dmtu, and a 48° overall pit-slope, were used to complete the Whittle pit optimization. The sensitivity of the resource estimates is demonstrated by comparing the proportion of the mineral resources that may be economically exploited within the optimized pit shell to the global in-situ resource. A summary of the Global In-Situ Mineral Resource Estimate is presented in Table 2 and the results of the In-Pit Mineral Resource are presented in Table 3.

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Table 2: Global In-situ Mineral Resource Estimate, Penguin Lake Project

Cut-off Grade	Global Inferred Resources*				Below Cut-off			
	Tonnes (millions)	Grade			Tonnes (millions)	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
15%	534.8	33.1	3.1	2.8	0.0	0.0	0.0	0.0
20%	534.7	33.1	3.1	2.8	0.1	15.4	2.1	1.7
25%	531.4	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	466.4	33.9	2.9	2.8	68.4	28.2	4.1	2.7

Table 3: In-Pit Mineral Resource Estimate, Penguin Lake Project

Cut-off Grade	In-Pit Inferred Resources*				Below Cut-off			
	Tonnes (millions)	Grade			Tonnes (millions)	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
15%	531.2	33.1	3.1	2.8	0.0	0.0	0.0	0.0
20%	531.1	33.1	3.1	2.8	0.0	15.4	2.1	1.7
25%	527.8	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	463.9	33.9	2.9	2.8	67.3	28.2	4.1	2.7

* The quantity and grade of the reported Mineral Resources within the Project are categorized as Inferred Mineral Resources. Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from drill core. There is no guarantee that further exploration will upgrade the Inferred Mineral Resources to Indicated or Measured Mineral Resources. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The 10 drill holes that define the MRE drilled only the southern portion of the deposit. The deposit occurs in the form of a multiply refolded tightly overturned synform that produces a bowl-like shape of shallow dipping iron formation host rock. No recent drilling has been completed in the northern portion of the deposit however, the strong correlation of magnetic response to where iron formation surfaces and a historic drill hole located in the NW portion of the deposit allow for projection of the modelled iron formation and an estimate of the exploration target potential¹. The interpreted 3D model of iron formation includes an additional 700 to 900 million tonnes of similar grade as suggested by the current Inferred Resource, predominantly in the undrilled portion of the deposit to the north and northwest where additional resources might be identified.

A comparison of the current global in-situ mineral resource and in-pit mineral resource demonstrates the amenable geometry of the deposit to open-pit mining with 99+% of the in-situ resource occurring within the optimized pit shell. Furthermore, it is apparent that a natural geological cut-off grade exists for the modelled high-grade iron oxide deposit that is above the economic cut-off grade. As can be seen by the quantity and grade of below cut-off grade material at the higher cut-off grades, the natural cut-off grade of the deposit is near 25% FeT where only 0.6% of the material is below cut-off at an average grade of 23.2% and well above the economic cut-off grade of 15% FeT.

The current resource reported in the MRE comprises less than half of the modelled bowl-shaped deposit and makes the Penguin Lake deposit the largest iron resource in the southern Gagnon Terrane.

Through 2016 and 2017, the Company completed metallurgical testwork studies and investigated base-case process flowsheet aspects for the Penguin Lake deposit. Metallurgical test results announced by the Company on April 28, 2015, indicate that the iron at the Penguin Lake deposit will be most efficiently liberated by a 2-stage process designed to yield iron-fines to produce a final sinter product.

¹ Exploration Target Potential is not a Mineral Resource. There is insufficient work completed to estimate the quantity and grade or quality of the exploration target on the basis of geological evidence and sampling. There is no guarantee that further exploration will define additional mineral resources from any portion of the exploration target potential.

The metallurgical tests were targeted towards producing a concentrate of 65% iron (Fe) and 4.5% silica (SiO₂) from an average sample-grade of 30% Fe. Stage-1 gravimetric separation tests by Wilfley Table on 18 samples returned average grades of 65.3% Fe, 4.5% SiO₂ and 1.1% MgO. Iron concentrate of similar grade (65% Fe / <4.5% SiO₂) will be sought from the second-stage regrinding and magnetic separation process. Additional tests to determine the process model for optimal second-stage iron recovery are on-going. Overall iron recoveries of >80% are targeted for the 2-stage circuit. The maximum 4.5% SiO₂ content for the Penguin Lake concentrate is a value imposed by the Company, guided by today's selective-market requirement for the highest-quality iron concentrate.

The Company will evaluate the exploration programs at the Gagnon Holdings while managing its capital resources to ensure it has sufficient capital to support its ongoing operations. Further exploration and development of the Company's properties are contingent upon the Company raising an adequate amount of financing.

Big Easy

The Company owns a 100% interest in Big Easy consisting of 763 mining claims (December 31, 2019 - 507) covering 191 square kilometres (December 31, 2019 - 127) located in Newfoundland and Labrador, as the Company staked an additional 256 claims on October 6, 2020.

On April 24, 2019, the Company and the vendors of Big Easy amended the terms of the definitive agreement so that the Company's commitments have been waived and postponed for the length of the period from the dates set forth in the definitive agreement and the date on which permitting issues related to the Big Easy watershed encumbrances are resolved to the Company's satisfaction. On February 10, 2020, the Company resolved the permitting issues and received a permit for development. Accordingly, the deadline to issue 500,000 common shares and incur exploration expenditures of \$800,000 has been extended from November 21, 2019 to September 6, 2020.

On March 4, 2020, the Company announced plans to commence a drilling program at Big Easy, however, as a result of the COVID-19 epidemic and deteriorating field conditions, the drill program was suspended as it was not possible to carry out an environmentally sound and cost-effective program. The Company is evaluating its options for rescheduling the program.

On May 1, 2020, the Company and the vendors of the Big Easy amended the terms of the definitive agreement. Pursuant to the amendment, in order to complete the acquisition of Big Easy, the Company must issue common shares and incur exploration expenditures, as follows:

	Common shares	Exploration expenditures \$
Upon signing of definitive agreement (issued)	500,000	—
November 21, 2018 (issued and incurred)	500,000	500,000
May 15, 2020 (issued)	500,000	—
September 6, 2021	500,000	500,000
September 6, 2022	500,000	500,000
September 6, 2023	—	500,000
	2,500,000	2,000,000

Upon completion of the acquisition, the Company will issue 100,000 common shares as a finder's fee, of which, 50,000 common shares with a fair value of \$4,500 have been issued and issue 50,000 common shares.

In the event that the Company does not issue common shares or incur exploration expenditures, the definitive agreement will terminate and the Company will transfer the mining licences and claims to the vendor.

The property is subject to a 3% net smelter royalty ("NSR"). The Company has options to further reduce the NSR by:

- (a) 0.25% until November 21, 2021 by making a payment of \$250,000; and
- (b) a further 0.25% until November 21, 2022 by making a payment of \$250,000.

In the event that the Company wishes to sell any or all of the property prior to November 21, 2020, the Company must obtain the permission of the vendor.

With respect to the common shares issued or to be issued to the vendor:

- a) the vendor will not grant a security interest in the common shares;
- b) the vendor has the right to sell tranches of less than 300,000 common shares;
- c) until November 21, 2021, the Company has a right of first refusal in the event that the vendor receives a third party offer to acquire any tranche of more than 300,000 common shares; and
- d) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote against any resolution put before the shareholders of the Company upon the recommendation of the Board of Directors
- e) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote in favour of:
 - (i) the election of board nominees that have not been proposed by the then Board of Directors, or
 - (ii) any shareholder resolution or proposal unless the Board of Directors recommends voting in favour of such shareholder resolution or proposal.

Big Easy-Exploration

On May 1, 2018 the Company announced the successful completion of a 48-line kilometre Induced Polarization/Resistivity (IP/Res) survey at the Big Easy by MES Geophysics of St. John's, Newfoundland under the direction of Dr. Chris Hale, P.Geo., Chief Geophysicist for the Company.

Big Easy is a remarkably preserved and extensive low sulphidation epithermal gold-silver system that occurs on a prominent boundary between volcanic and sedimentary rocks in the Neoproterozoic Avalon Zone.

The IP/Res data highlight an extensive mineralized epithermal system that includes both the Big Easy and ET mineralized zones where historical drilling intersected gold-bearing epithermal quartz veins including 6.05 g Au/t and 174 g Ag/t over 1.5m (Hole BE-11-13) and 7.65 g Au/t over 1.0m (Hole BE-11-07), (Newfoundland and Labrador, Department of Natural Resources, Mines Branch Assessment File Reports on the property). This chargeability anomaly can be traced over a strike length of more than four kilometres between the Big Easy and ET showings. This anomaly is open to the north and south. These claims cover a potential strike length of 23.5km.

The Company's exploration strategy is to complete targeted exploration by stepping out and defining the epithermal system to better understand the structural controls on the distribution of mineralization especially focusing on potential bonanza grade zones. The first step, the IP/Res survey, has confirmed that there is an extensive mineralized zone on the Big Easy property. Higher chargeability anomalies occur over both the Big Easy and ET showings. Midway and to the southwest there are two additional prominent anomalies that may reflect mineralization at depth.

On August 30, 2018, the Company announced that it had commenced a drilling program at Big Easy. In total, four diamond drill holes were completed in the fall of 2018. Hole BE18-30 intersected a major new anomalous alteration zone grading 0.11 g Au/t and 2.65 g Ag/t over 180.4m core length on the western edge of the Central chargeability anomaly. The results from the drill program confirmed that the Central chargeability anomaly reflects an extensive zone of epithermal alteration and mineralization that is up to 200m wide with a depth extent of at least 250m (see press releases December 20, 2018 and January 16, 2019). The zone is open along strike and downdip. The grades are consistently anomalous throughout the entire section of this hole suggesting the potential for a well mineralized core zone in the strongest part of the chargeability anomaly.

The holes completed only tested the western and eastern edges of the Central anomaly due to the constraints of the bog which overlies the anomaly. The Central Anomaly sits on the north-eastern margin of a "Protected Public Water Supply" area centred on the Clarenville, NL area. This area is considered to be in the drainage basin for the Shoal Harbour River, which is the potable water supply for the town of Clarenville and environs. Drilling can be done within a "Protected Public Water Supply Area" but requires extensive additional permitting. While moving the drill sites out of the Area mitigates the additional permitting, it adds additional meterage to planned drill holes and drilling from the west is much less effective in evaluating the target as the mineralized zone dips steeply to the east.

This issue does not affect the Big Easy Zone, or the concessions to the north end of the property nor the south end of the property. However, as only the Big Easy Zone is sufficiently advanced for detailed work, with the rest of the property at a very early stage in exploration, the decision was made to suspend work at the Big Easy until such time as market and regulatory conditions improve for early stage exploration.

In light of the foregoing, the Company and the vendors of the Big Easy have amended the terms of the definitive agreement whereby the Company acquired a 100% interest in the Big Easy (see press releases October 31, 2017 and November 22, 2017) such that the Company's commitments pursuant to the definitive agreement have been waived and postponed for the length of the period from the dates set forth in the definitive agreement and the date on which the permitting issues related to the Big Easy watershed encumbrances are resolved to the Company's satisfaction.

Having received all permits required for a drilling program from the Newfoundland and Labrador government, on March 4, 2020, the Company announced its intention to carry out a 1,000m diamond drilling program to test the core of the Central IP chargeability anomaly at Big Easy, where the strongest chargeability responses are located. However, on April 8, 2020, the Company announced that it has suspended the proposed drilling program due to the COVID-19 global pandemic and deteriorating field conditions which made it impossible to carry out an environmentally sound and cost-effective program. The Company is evaluating its options for rescheduling the drilling.

On July 14, 2020, the Company announced that it had commenced a geological mapping, soil sampling and prospecting program at its Big Easy Gold project. The program focused on follow-up of major target areas outlined by magnetic and induced polarization/resistivity (IP/Res) surveys as well as exploration of the potential southern extension of these chargeability zones which have had only limited previous work. An additional 20 line-kilometres (linekm) of reconnaissance IP/Res at 400m intervals and using 50m dipoles will be completed in the southern part of the claims to test for the extension of the major chargeability zone that extends more than 4km along strike from the Big Easy showing southwards to the ET showing.

On September 29, 2020, the Company reported the results of the geological mapping, soil sampling and prospecting program. The program focused on follow-up of major target areas outlined by magnetic and induced polarization/resistivity (IP/Res) surveys as well as exploration of the potential southern extension of these chargeability zones which have had only limited previous work. The bulk of the area explored is covered by extensive bog and small lakes/ponds so there is very limited outcrop. Nevertheless, five (5) boulders of quartz were found as shown in Figure 1. The most significant find, however, was a small outcrop of weakly banded siliceous cherty quartz located in the centre of claim 025452M (Figure 1). This outcrop, as well as the boulders, most likely are siliceous sinter representing a silica cap. Sampling did not return any significant gold values which is typical of silica caps on epithermal systems. The outcrop is located approximately 12.5 km south of the Big Easy showing and 9 km south of the ET showing. The quartz boulders, which are likely close to source, extend further to the south suggesting that the potential overall strike length of the target zone for low sulphidation epithermal gold-silver mineralization may be more than 20 km (Figure 1).

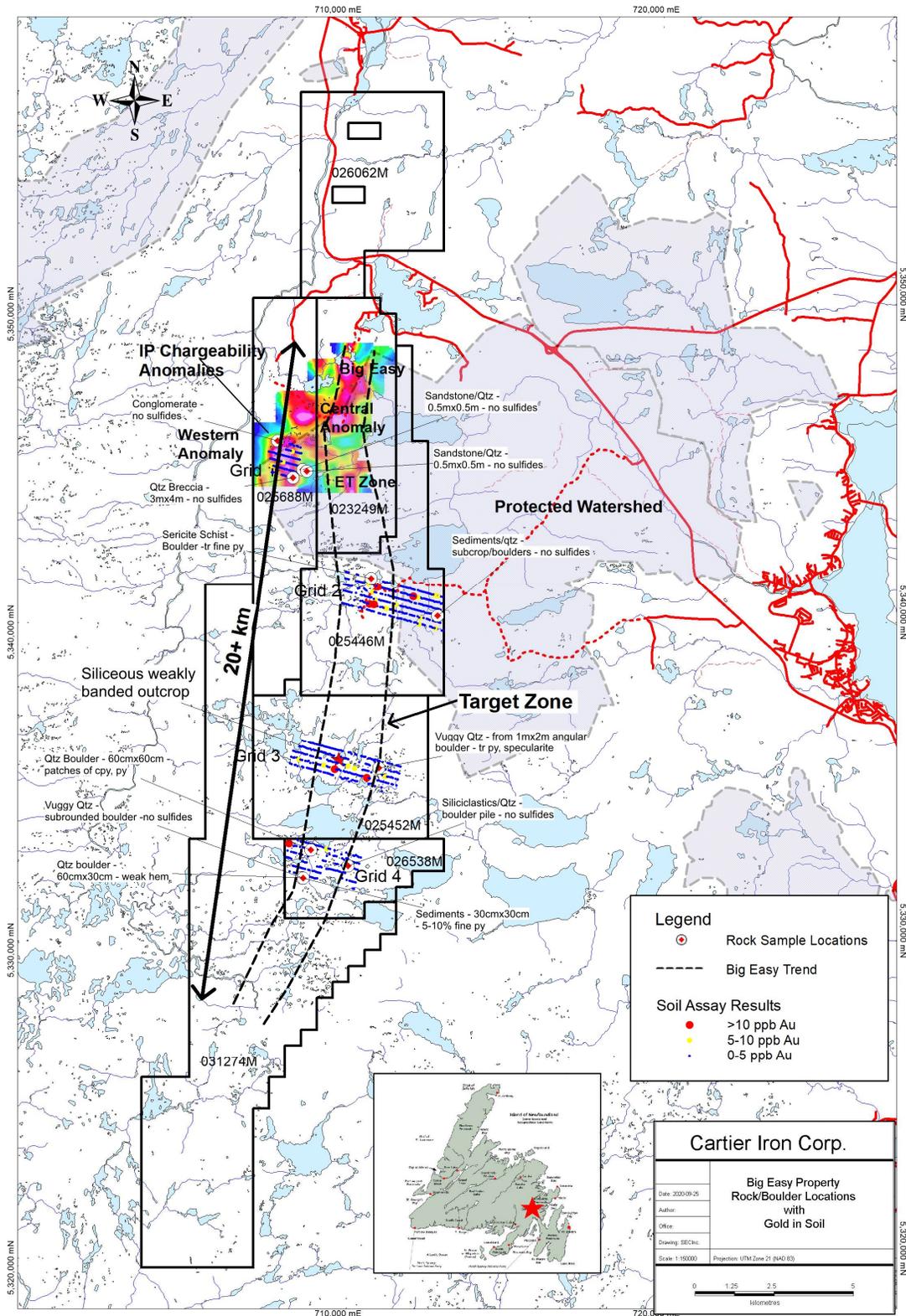
Another unusual feature present approximately 1 km south of the siliceous outcrop is a prominent circular drainage pattern approximately 1 km in diameter. This possibly represents a domal structure related to an intrusion. This area requires further exploration follow-up.

A total of 1090 sites in 4 separate grids (Figure 1) were visited and 817 soil samples were collected including 17 field site duplicates plus 18 additional blanks inserted for a total of 835 samples analyzed. B-horizon soils were collected where possible, with B-C horizon soils collected in areas with less well-developed soil profiles. The success rate for collection of a satisfactory soil sample was 74% which was much higher than anticipated at the start of the survey due to the generally boggy conditions. Seven (7) samples returned values greater than 10ppb gold (Au) to a maximum of 18ppb Au while 24 samples returned values from 5 to 10ppb Au. While these are low order of magnitude values, it is important to remember that the discovery of the Big Easy showing in 1994 was made during follow-up of a 10ppb Au lake sediment anomaly, hence low values are significant in this environment. There appears to be a noticeable trend of values greater than 10ppb in the vicinity of the siliceous cherty quartz outcrop in Grid 3 and in Grid 2 approximately 5km to the north.

With the staking of an additional 256 claim units to cover the full potential strike length of this extended target zone, an additional 20 line-km IP/Res survey will be undertaken in the area of Grid 2. The Company has obtained permits to carry out a 1,000m winter drill program on the Central Anomaly in early 2021 and will also do additional IP/Res surveys at that time. Dependent on results from the IP/Res surveys, drilling may be further expanded.

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Figure 1: Plan Map of Big Easy Gold Project showing location of Major Epithermal Gold-Silver Target Zone.



Further information on Big Easy can be found in an independent National Instrument 43-101 Technical Report (“NI 43-101 Report”) prepared by Mercator Geological Services Limited and filed by the Company on SEDAR (www.sedar.com) on June 5, 2018. The NI 43-101 Report summarizes all historical work on the property and has an effective date of April 20, 2018. Further exploration and development at Big Easy is contingent upon the Company raising an adequate amount of financing.

Risks and Uncertainties

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company is in the exploration stage and does not generate revenue. For the 9 months ended September 30, 2020, the Company recorded a loss of \$290,875 (2019 - \$434,912) and incurred a cashflow deficit from operations of \$698,497 (2019 - \$224,381). The losses and cashflow deficit from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of mineral resource properties.

The continued operation of the Company is dependent upon the support of the Company's creditors and the Company's ability to secure equity financing and advances from related parties to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Exploration

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain licences and permits.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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Results of Operations

	3 months ended September 30,		9 months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Expenses				
Professional fees	7,140	17,288	21,581	26,176
Consulting fees	78,000	78,000	234,000	242,100
Financing bonus	38,850	—	38,850	—
General and administrative	44,028	61,168	134,923	129,821
Investor relations	355	(5,868)	24,415	14,089
Travel	—	12,743	—	12,743
Interest	942	1,561	3,298	5,126
Depreciation	10,582	10,582	31,746	31,746
Gain on sale of marketable securities	—	6,161	—	(1,872)
Gain on sale of investment in associate	(12,361)	—	(185,422)	—
Decrease in fair value of marketable securities	—	(3,216)	—	5,775
Impairment of exploration and evaluation	—	—	560	13,623
Gain on settlement of accounts payable	—	(36,254)	—	(36,254)
Other recoveries	(5,875)	—	(17,102)	(8,162)
Part XII.6 tax	1,143	—	4,027	—
	162,804	142,165	290,875	434,912
Loss before loss on investment in associate	(162,804)	(142,165)	(290,875)	(434,912)
Dilution gain on change in interest in associate	(2,592)	—	23,593	13,261
Share of loss of an associate	(12,453)	(12,494)	(79,122)	(46,050)
Loss before income taxes	(177,850)	(154,660)	(346,404)	(467,702)
Deferred income taxes	22,607	—	38,144	—
Loss and comprehensive loss	(155,243)	(154,660)	(308,260)	(467,702)

9 months ended September 30

The Company incurred a loss of \$308,260 in the current period compared to a loss of \$467,702 in the comparative period of the previous year. The decrease in the loss is primarily the result of a gain of \$185,422 on the sale of the investment in associate, Eloro.

3 months ended September 30

The Company incurred a loss of \$155,243 in the current period which is comparable to a loss of \$154,660 in the comparative period of the previous year.

Summary of Quarterly Results

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
	\$	\$	\$	\$	\$	\$	\$	\$
	(note 1)							
Revenue	—	—	—	—	—	—	—	—
Loss								
- Total	819,561	122,544	190,498	154,660	158,807	122,979	30,039	155,243
- Per share	0.015	0.002	0.003	0.002	0.003	0.002	0.001	0.003

Notes

1. Loss for Q4 2018 reflect the reversal of a gain on settlement of accounts payable of \$659,849 recorded in Q2 2018.

Liquidity and Capital Resources

Capital resources

At September 30, 2020, the Company had a cash balance of \$873,647, receivables of \$43,514 and an investment in Eloro with a fair value of \$2,926,000.

As the Company is in the exploration stage and has no revenue, the Company has financed its operations with advances from related parties, sale of Eloro common shares and equity financings. The Company is dependent upon the support of its creditors and the Company's ability to sell Eloro common shares, secure advances from related parties and equity financings to meet its existing obligations and to fund its working capital requirements and the acquisition, exploration and development of mineral properties.

Excluding consulting fees to management, the payment of which is being deferred, corporate and general costs for the years ended December 31, 2019 and 2018 were approximately \$245,000 and \$350,000, respectively. For the year ended December 31, 2020, the Company estimates its corporate and general costs at approximately \$250,000. For the 9 months ended September 30, 2020, the Company incurred corporate and general costs of \$180,000.

Pursuant to a flow-through financing completed on June 7, 2019, the Company is committed to make eligible Canadian Exploration Expenditures of \$336,766 by December 31, 2021, (extended from December 31, 2020 in recognition of the potential delays in making expenditures that could occur as a result of the COVID 19.

Management is of the opinion that sufficient working capital will be obtained from the sale of Eloro common shares, advances from related parties and equity financings to meet the Company's liabilities and commitments as they become due. See page 1, *Private placement of units*.

Transactions with Related Parties

	9 months ended September 30, 2020	Outstanding as at September 30, 2020
	\$	\$
Advances		
Due to Thomas G. Larsen, a director and officer	32,000	57,000

	Consulting fees \$	Financing bonus \$	Total \$	Outstanding as at September 30, 2020 \$
Gambier Holdings Corp., a company controlled by Thomas G. Larsen, for his services as Chief Executive Officer	90,000	19,425	109,425	31,459
A.S Horvath Engineering Inc., a company controlled by Alexander Horvath, a director	9,000		9,000	19,680
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	67,500	9,713	77,213	159,213
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary	67,500	9,713	77,213	159,213

Financial Instruments and Other Instruments

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, accounts payable and accrued liabilities and due to a related party

The fair values of cash, accounts payable and accrued liabilities and due to a related party at September 30, 2020 approximated their respective carrying value due to their short term to maturity.

Marketable securities

The fair value of marketable securities is estimated based on observable inputs.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;

Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data

Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is equal to the Company's cash and due from Eloro. The Company limits its exposure to credit risk on its cash by holding deposits with high credit quality Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of oil and properties. Accounts payable and accrued liabilities are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. At September 30, 2020, the Company owned shares of Eloro.

Currency risk

Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash in Canadian dollars.

Interest rate risk

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

Capital management

Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issue of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

Material assumptions and risk factors for forward-looking statements

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Page	Forward-looking statement	Assumption	Risk factor
10	Liquidity and Capital Resources "Management is of the opinion that sufficient working capital will be obtained from the sale of Eoro common shares, advances from related parties and equity financings to meet the Company's liabilities and commitments as they become due."	The Company will obtain working capital from the sale of Eoro common shares, advances from related parties and equity financings will be obtained.	The Company is unable to obtain future financing to meet its liabilities and commitments as they become due.

Other Information

Additional disclosure for venture companies without significant revenue

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

General and administrative expenses

	9 months ended September 30,	
	2020	2019
	\$	\$
Office	115,150	107,433
Public company costs	19,773	22,388
	<hr/> 134,923	<hr/> 129,821

The increase in general and administrative costs reflects an increased level of activity in the current period.

Exploration and evaluation

	December 31, 2019	Acquisition Costs	Exploration expenditures	Impairment	September 30, 2020
	\$	\$	\$	\$	\$
Property					
Gagnon	—	—	560	(560)	—
Big Easy	978,410	15,000	149,946	—	1,143,356
	<hr/> 978,410	<hr/> 15,000	<hr/> 150,506	<hr/> (560)	<hr/> 1,143,356

Shares outstanding as at November 30, 2020

Authorized:

Unlimited number of common shares.

Outstanding:

85,835,221 common shares.

Stock options

Authorized:

8,583,522 stock options, representing 10% of the issued and outstanding common shares.

Outstanding:

Exercise price	Expiry date	Number of stock options issued and exercisable
\$0.15	April 10, 2023	200,000

Warrants

Exercise price	Expiry date	Number of warrants
\$0.12	December 7, 2020	2,126,625
\$0.15	December 7, 2020	2,091,000
\$0.10	September 10, 2023	7,571,429
\$0.10	September 17, 2023	11,476,632
		<hr/> 23,265,686