SPARTON RESOURCES INC.
For the year ended December 31, 2020

Management's Discussion and Analysis dated April 30, 2021

The following discussion and analysis of results of operations of Sparton Resources Inc. ("Sparton" or the "Company") and its subsidiaries for the period ended December 31, 2020 should be read in conjunction with the consolidated financial statements for the period ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency is shown in Canadian dollars unless otherwise stated. The Company's current subsidiaries are comprised of: (i) Sparton International Holdings Inc. (100% owned) ("SIH") (ii) VanSpar Mining Inc. (87.46% owned by SIH) ("VanSpar"), both of which are registered in the British Virgin Islands, and (iii) Edcor Drilling Services Inc. ("EDCOR"), (100% owned) registered in Ontario, Canada. VanSpar owns approximately 9.8% of VRB Energy Inc. ("VRB") a Cayman Islands company and manufacturer of vanadium flow batteries with a factory in Tongzhou (Beijing) China.

Forward-Looking Information

This Management's Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management, as well as assumptions made by and information currently available to the Company. When used in this document the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Forward-looking statements include, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of its management with respect to future events and are subject to a variety of inherent risks, uncertainties and other facts that are beyond the Company's control, and could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statement whether as a result of new information, future events or any other reasons; except as required by applicable Canadian securities law. Investors and others should carefully consider these and other factors and not place undue reliance on these forward-looking statements.

General

The Company continues to seek financing for its various gold related projects in Canada and to evaluate other opportunities related to the mineral exploration and vertically integrated energy storage industry activities. It also, through joint venture partners, or internally, is continuing its evaluation of other domestic exploration projects including the Bruell gold property in Quebec, and the Matachewan area Ontario Oakes Leases and adjacent mineral claims.

The VRB Transaction (now VRB):

In 2016, under a Share Acquisition Agreement (the "SAA") between private investment corporation, HPX TechCo Inc., and VanSpar, HPX TechCo Inc. agreed to directly fund the acquisition of the shares of JD Holding Inc. ("JDH") for US$ 3.3 million (the "Funding Transaction"), pursuant to an existing share purchase agreement between VanSpar and JDH, a private company that owned a leading vanadium battery manufacturer and distributor and its security holders. VRB was later renamed Pu Neng Energy in China and JDH renamed VRB Energy Inc. ("VRB") internationally.

In consideration for HPX TechCo Inc. funding the acquisition cost together with a further US$2,000,000 for working capital and US$605,000 paid to VanSpar, VanSpar caused 82% of the VRB shares to be transferred to HPX TechCo Inc., with the remaining 18% being retained by VanSpar (the “VRB Transaction”).

The VRB Transaction was financed by HPX TechCo Inc., which provided the purchase price funding of US$ 3.3 million payable to the then current security holders of VRB, with payment of at least US$1,650,000 on closing. The balance of the purchase price could be reduced by up to US$300,000 for financial obligations or liabilities of the VRB subsidiaries after closing. The net balance of the purchase price would be paid to the then current VRB security holders after closing.

The VRB Transaction also required a minimum US$2 million investment within 20 business days after closing, to provide working capital to reactivate the VRB subsidiaries' operations. These funds were also to be invested by HPX TechCo.

In addition, under the terms of the restructured transaction, in the event that VRB or its affiliates acquire certain vanadium assets in China within 5 years after closing, VanSpar will receive a finder’s fee equal to 5% of the value of the acquired assets up to a maximum of US$250,000.

The VRB Transaction and the Funding Transaction were closed before December 31, 2017. US$1,650,000 had been paid to the former shareholders of VRB in 2017, and US$1,650,000 ($2,215,636) had been received and held by the Company and paid to the former shareholders of VRB. VanSpar received a US$605,000 transaction fee payment from HPX TechCo shortly after closing as per the terms of the Funding Transaction, which together with the 9,000,000 VRB common shares (equal to 18% equity in VRB) received and valued at $700,000 was recorded as other income in 2017. The 9,000,000 VRB common shares (split into 18,000,000 shares on November 30, 2017, see below) were revalued to $1,519,596 at December 31, 2019 and $1,489,410 as at December 31, 2020.

In 2017, the Company’s subsidiary VanSpar executed a profit-sharing agreement with a private investor for VanSpar to acquire additional shares in VRB. Before the agreement VanSpar owned 9,000,000 common shares of VRB or 18% of the total VRB shares. Under the profit-sharing agreement, the private investor agreed to provide funds required for VanSpar to participate in any VRB financing and acquire additional VRB shares (“Additional Shares”) in VRB’s future financings, to maintain VanSpar’s 18% in VRB. The funds could be used only for this purpose.

Once the Additional Shares are sold subsequent to a liquidity event, the investor will be entitled to 80% of the profits from sales of VRB shares acquired by the investor, (calculated as proceeds of sales minus transaction costs minus the principal fund provided by the investor plus 7% annual interest). VanSpar would entitled to receive 20% of the profit. In the event that there is no profit or even a loss, VanSpar will not be responsible for repayment of the principal funds to the investor. In 2017, VanSpar participated in a VRB financing where VRB raised US $5 million through the sale of 38,759,690 shares at a deemed value of USD$0.129 per share, completed by 5 tranches. As of December 31, 2017, VanSpar had received five payments for a total of US$900,000 from the private investor to participate in this financing and had made five payments to VRB for purchase of 6,976,744 Additional Shares. The Company has determined this profit-sharing agreement with the investor to be a joint operation and had recognized no share of gain, asset or liability as of December 31, 2019 and 2020.

On November 2, 2017, Sparton announced that Pu Neng Energy (now VRB) had been awarded a contract for construction of a 12-megawatt hour vanadium flow battery as Phase 1 of a larger 40-megawatt hour energy storage project in Hubei Province, China. This was a major milestone for VRB and represented significant value to the Company. The installation continues to operate successfully, and the installation is currently under an expansion program. The VRB client for this project is supplying battery electrolyte and VRB is responsible for the battery hardware itself.

On November 30, 2017, VRB had a 2 for 1 split of the ordinary shares. The original 9,000,000 common shares owned by VanSpar were sub-divided into 18,000,000 common shares, and the 6,976,744 Additional Shares were sub-divided into 13,953,488 common shares.

On September 27, 2018, VRB announced a Strategic Cooperation Framework Agreement with the Pangang Group Vanadium and Titanium Resources Co. Ltd. ("Pangang V&T"). Pangang V&T is the world's largest producer of vanadium oxide and a listed subsidiary of Panzhihua Iron and Steel, one of the world's leading steel producers since 1971.

On November 2, 2018, the Company announced that VRB, reported, on October 31, 2018, the successful commissioning of the initial 1 megawatt hour ("MWh") vanadium-redox-battery energy-storage-system ("VRB-ESS") module of the Phase 1, 12 MWh energy storage project in Zaoyang, Hubei Province, China.

On July 12, 2019 VanSpar received a new financing and debt conversion notice from VRB whereunder in order to maintain its 18% share interest in VRB, it was required to subscribe to the purchase of an additional 31,331,863 VRB shares at a price of USD$0.065 per VRB share for a total cost of USD$2.036 million to VanSpar.

VanSpar did not participate in the financing and now retains its original 31,953,488 VRB shares representing a 9.8 percent share interest in VRB. With a share ownership now below 10% VanSpar no longer is entitled to nominate its representative to the VRB board of directors.

On June 2, 2020 VRB announced the commissioning of a 5 KW (4hour) vanadium redox battery, as part of a 10 KW photo-voltaic plus energy storage system pilot demonstration project with Hesteel Group Company Ltd., the larges steel and vanadium supplier in China. This solar -shifting pilot project is just the first step toward widespread deployment of the technology.

On August 23, 2020 VRB reported that it has produced a more efficient 3rd generation vanadium battery.

VRB pursued a number of sales opportunities during the reporting period.

VRB signed an agreement on March 4, 2021 to build China's largest photo voltaic ("PV") solar integrated battery system – to build in phases a 500 MWH PV and energy storage power station integrating VRB's vanadium flow battery energy storage system ("VRB-ESS"). The project will be located in Xiangyang, Hubei Province, China at a new industrial park complex that will include a VRB-ESS manufacturing "Gigafactory", and a vanadium flow battery energy research and development institute. It will eventually generate 100 megawatts (1GW) of power annually.

With lower international vanadium prices, it also continued to seek a long-term economical vanadium supplier and plans to become vertically integrated in the medium term. This will lead to very competitive pricing for its products and is expected to generate new sales. Currently VRB is only manufacturing batteries for clients who supply their own electrolyte.

Contract Drilling Business

Revenue and expenses relating to one of the drill units owned by the Company's EDCOR subsidiary is shared with Eva Lake Mining Ltd., an aboriginal Metis service company, based in Atikokan Ontario.

For the year period ended December 31, 2020, the Company reported $nil drilling revenue (2019 - $46,567).

The Company is actively seeking new clients and new service contracts for EDCOR and completed one small contract in 2021 and has several new client contracts pending.

Bruell Property, Canada

On August 11, 2017, the Company entered into an option agreement with two independent prospectors (the "Vendors") to explore the 20 claim Bruell Property ("the Property"), in Vauquelin Township, Quebec.

Under the terms of the 5-year option agreement Sparton will issue a total of 1,500,000 Common Shares, incur a total of $1,500,000 in exploration expenditures on the claims, and make cash payments totaling $300,000 to earn a 100% interest in the Property as follows: On signing: cash payment of $25,000, 100,000 shares issued, and exploration expenditures of $100,000 in first year (firm commitment): End of Year 2018: Cash payment of $20,000, 150,000 shares issued, and exploration expenditures of $100,000: (completed): End of Year 2019: Cash payment of $30,000, 200,000 shares issued, and exploration expenditures of $300,000: (completed): End of Year 2020: Cash payment of $50,000, 350,000 shares to be issued and exploration expenditures of $400,000: (completed): End of Year 2021: Cash payment of $75,000, 500,000 shares to be issued and exploration expenditures of $600,000: (Optional): And: End of Year 2022: Cash payment of $100,000, 200,000 shares to be issued and exploration expenditures of $600,000 (Optional). Production Royalty: If commercial production takes place on the Bruell property, the Vendors collectively, will be entitled to receive an annual production royalty (the "Royalty") equal to 2% of Net Smelter Returns as customarily defined. At any time after a feasibility study is completed for development of any part of the Property ½ of this Royalty (or 1%) may be purchased by the Company for the sum of $1,000,000. All cash payments share issuances, and royalty payments if any, will be paid or issued as to 50% of the totals to each prospector.

As of September 30, 2019, the Company had paid $75,000 to the Vendors. The Company also issued 450,000 common shares to the Vendors valued at $19,000. A total of $547,733 exploration expenses were incurred at Bruell as of December 31, 2019.

The Company completed financings of $344,275 in 2018 and $110,100 in 2019, all of which has been spent on the Bruell property.

On May 28, 2018, Sparton announced that it received final assay results from the initial three-hole drill program at the Bruell Property, totalling 691 meters. All three holes intersected significant gold mineralization. One hole intersected a newly discovered broad altered shear zone grading 2.75 grams per ton over 6.67 meters, including 6.57 grams per ton over 1.67 meters. Two other new gold zones were also discovered, lower down, in the same hole. Full results are on the Sparton Website, www.spartonres.ca, and filed on Sedar at www.sedar.com.

On December 16, 2019 Sparton announced that it executed an Option Agreement with Eldorado Gold Corporation ("Eldorado") granting Eldorado the option to earn up to an initial 75% interest ("Option") in the Bruell Project. Under the Option, Agreement Eldorado will make all future cash payments and fund all the future expenditures required under the existing Property Option Agreement between the Company and the original optionor. Sparton received a cash payment of $150,000 as partial compensation for past expenditures that was recorded as recovery of exploration expenses in the financial statements. If Eldorado makes all future cash payments and funds all the future expenditures required, then it has the right to have Sparton participate in a new joint-venture in which Sparton will hold a 25%, or buy-out Sparton's 25% interest for $1.8 million adjusted for the Consumer Price Index at the time Eldorado makes the election, in which case Sparton will be granted a 2% Net Smelter Return Production Royalty ("NSR"), and 50% of the NSR can be purchased by Eldorado for $2.5 million at any time.

This agreement may provide the Company with up to $4.5 million in cash payments and an ongoing 1% net smelter return royalty should Sparton not participate in future equity development.

Eldorado Gold Corporation has an expenditure commitment and budgeted at Bruell, expenses of $400,000 for 2020 and has informed the Company it has completed a detailed airborne magnetic survey over the entire 51 claim property, as well as a soil sampling program and mapping. The previous magnetic survey work only covers the central part of the claim group and Eldorado has undertaken a systematic program over the entire property. Following the magnetic survey Eldorado completed a till and soil sampling program to follow up the magnetic results and investigate known zones of mineralization on the property.

These work programs continued during the summer field season despite Covid-19 operating restrictions.

On December 9, 2020 the Company provided an update on the 2020 work program completed by Eldorado in Vauquelin township Quebec. Eldorado completed a high resolution VTEM airborne magnetic and electromagnetic survey with a 50-metre flight line spacing over the entire property. The data from this survey has highlighted previously un-recognized structures and refined the interpretation of various lithologic contacts on the claims and the relationship of gold mineralization to these features.

In the year 2020 Eldorado (through Sparton) paid the $50,000 cash payment to the Vendors pursuant to the original Option Agreement. Sparton issued 350,000 shares to the Vendors on August 8, 2020, valued at $21,000.

Sir Harry Oakes Gold Property, Canada

On Sept. 25, 2019 the Company announced that it had secured an option to purchase a strategic gold prospect, comprising 3 Mining Leases (the “Leases”) in the Matachewan gold mining area of northern Ontario. In addition, the Company also acquired through staking and acquisition an additional total of 14 Mining Claim Units (approximately 300 hectares) adjacent to the area of the Mining Leases (the “Claims”).

Sparton executed a 4-year Option to Purchase Agreement with a private owner of the Leases whereunder it will have the right to purchase a 100% interest in the Leases. The Company must cover the Lease renewal costs on behalf of the current private owner and planned an exploration program on the Leases and Claims. If the Company elects to exercise its option and purchase the Leases it will pay the current private owner a total of 1,500,000 common shares of the Company over the 4-year option period, and the current owner will be eligible to receive a 1% Net Smelter Return Production Royalty from production on the Leases and any other property acquired by Sparton within one kilometre from the Lease boundaries.

The acquisition closed in early January 2020 after a 90-day due diligence period and after receipt of approval from the Toronto Venture Exchange. The Company issued 100,000 common shares of the Company to the former owner on January 6, 2020 as the first option payment.

On February 11, 2020 the Company announced it had executed a Purchase Agreement with two owners to acquire an additional 14 mining claims (approximately 300 hectares) adjacent to the nearby 3 former Sir Harry Oakes Mining Leases and mineral claims. For the purchase, on closing, Sparton agreed to pay a total of 2,000,000 common shares of the Company as to 1,000,000 shares to each of the owners. In addition, each owner will be eligible to receive a 2% Net Smelter Return Production Royalty from any production on their vended claims and 50% of this royalty may be purchased by the Company at any time for the sum of US$2.5 million. One claim owner will be reimbursed exploration expenses of approximately $6,850 spent on its claims. This transaction closed on March 17, 2020.

On July 6, 2020 the Company announced that it has acquired 18 additional mining claim units adjacent to or nearby to the Oakes Mining Leases for a cash consideration ($6,000).

The Company now controls 41 Mining Claims and 3 Mining Leases in the Matachewan Gold Area.

Quality Control and Quality Assurance

Mineralized intervals were systematically sampled using a core saw and one half of the intervals submitted for assay to Swastika Laboratories Ltd. or Agat Laboratories, both recognized organizations and ISO certified. Normal industry standard practices for Chain of Custody, Quality Assurance, Blank Assays, Standard Assays and Quality Control were followed and the results for blanks and standards were all accurate within normal variability ranges.

Ongoing Work Program

The work planned for later in 2021 will involve prospecting of the entire claim area surrounding the Oakes Leases and clearing and sampling of various trenches on the property where gold values were reported by previous operators. This is expected to begin in late spring or summer when field conditions are optimal.

CAUTIONARY NOTE

It should be noted that historical results reported here and earlier, by the Company are included with the recent drilling data results and were available to Sparton. Knowing the laboratories where the historical analyses were done, the Company believed the historical data to be reliable and has reviewed them in detail to attempt to determine the discrepancies with the current results. More work needs to be done however, to verify these historical results and information and provide an explanation the reason for the differences with the current results.
Further, a qualified person under NI 43-101 has not done sufficient work to verify the historical results with new sampling and analyses because the original samples and drill core are not available for re-analysis.

The drill program on the Sir Harry Oakes Gold Project is permitted for 2000 meters. A 3 km access road has been completed and drill site locations set out with proper environmental guidelines and setbacks from the nearby lake.

The current plan is for a total of 10 holes to be drilled, from 5 locations, designed to establish approximately 300 metres of strike length of the zones reported from the 1930's historical data. Three of the initial sites will duplicate the locations of historical holes DDH 2A, 3 and 5, drilled in the 1930s, each of which successfully intersected reported gold mineralization. The mineralized area near the shaft and the previously drilled area correspond with a structure defined by a distinct magnetic low, highlighted in the Company magnetic survey, completed earlier this year.

The first holes are planned near the site of historical hole DDH 2A, drilled east of the old shaft, which reported a zone of 5.5 grams per tonne over 5.53 metres. Elsewhere, historical hole DDH 3 reported 8.23 grams per tonne over 1.5 metres, and 14.4 grams per tonne over 0.9 metres. Historical hole DDH 5 reported 6.85 grams per tonne over 1.85 metres, 3.77 grams per tonne over 1.49 metres, and 3.43 grams per tonne over 0.61 metres. Grab sample assays from material taken underground at the shaft site also reported gold values ranging from 1.86 to 297.98 grams per tonne; please see Sparton news release dated September 16th, 2020.

A 50-degree and a 65-degree hole is planned at each site to understand the geometry of the mineralized zones. The syenite porphyry rock type hosting the mineralization at the Oakes site is similar to the host rock of mineralization at Alamos Gold's nearby producing Young Davidson Mine, located less than 3 km away.

Once initial geological data and interpretations are available, the hole locations and final lengths maybe adjusted. The planned drill hole locations are shown in the Oakes Project Presentation on the Company website www.spartonresources.com

Mineralized intervals will be sampled using a core saw and one half of the intervals submitted for assay to Swastika Laboratories. Normal industry standard practices for Chain of Custody, Quality Assurance, Blank Assays, Standard Assays and Quality Control will be invoked.

Due to COVID-19 restrictions and work loads, analytical results took several weeks to become available after submission to the lab. All operations will be undertaken with proper COVID-19 protocols in place.

In October 2020 the Company issued 100,000 common shares to the Vendor of the Oakes area Mining Leases, as per the terms of the original Option Agreement to acquire these leases, that were valued at $6,000. In November 2020 50,000 more common shares were issued to the Vendor valued at $3,000.

On November 25, 2020 the Company announce that it signed, effective November 17, 2020 a Memorandum of Understanding ("MOU") with the Matachewan First Nation ("MFN") related to its exploration program activities on the Sir Harry Oakes Gold Project near Matachewan, Ontario. MFN is a signatory to Treaty No. 9 and holds inherent aboriginal and treaty rights to and over their traditional territory, which includes the Mining Leases and claims held by Sparton and referred to as the Sir Harry Oakes Project. The MOU recognizes these rights and provides for a mutually beneficial and cooperative relationship between the parties. The MOU, among other things, contemplates the possibility of an Investment Benefit Agreement ("IBA") in the future if the project is successful in advancing the project to advanced exploration and development stages and completion of a positive feasibility study. Additionally, the Company will compensate MFN for its exploration activities in the MFN area by issuing to MFN 50,000 Sparton common shares with a deemed value of $0.06 each, and 50,000 Share Purchase Warrants ("SPW"s). The SPWs are valid for a period of three years from November 17, 2020, and entitle MFN to purchase up to 50,000 additional common shares of the Company at a price of $0.10 per share. As further compensation Sparton will pay MFN on an annual basis, 2% (percent) of its audited exploration costs directly related to the expenses on the Oakes Project. The MOU is valid and in effect until Sparton has either ceased its activities on the Project or an IBA agreement is concluded. The Company issued 50,000 shares and 50,000 warrants to MFN on December 1, 2020, valued $3,000 and $2,635 respectively.

On September 4, 2020 the Company received a work permit form the project and commenced a drill program on the project on October 19, 2020.

Six core holes comprising a total of approximately 800 metres were diamond drilled at the sites of historical holes numbered DDH 2A, DDH 3 and DDH 5.

All holes intersected significant sulfide mineralization (up to 40% pyrite with lesser chalcopyrite) and ubiquitous red hematite and grey magnetite alteration plus intense silicification. The host sedimentary rocks are strongly brecciated and contain multiple quartz stringers and veining up to 1 metre in core length often associated with zones of red to grey syenite and locally containing up to 20% chalcopyrite. Zones of multiple stage quartz veining and mineralization occur in the completed drill holes at roughly the same intervals as reported in the shallow historical holes but significantly more mineralization is present deeper in the current holes, indicating a much larger mineralized structural zone over 50 metres in width. Several small fault zones were encountered in all holes and overall core recovery exceeded 95%. All core was systematically logged with a susceptibility meter to attempt to correlate mineralized sections with magnetic or non–magnetic zones. As well, all the core was logged systematically with a scintillometer to check for anomalous radioactivity associated with potassium alteration, which is characteristic of gold deposits in the area, including the nearby Young Davidson Mine.

CAUTIONARY NOTE

It should be noted that historical results reported here and earlier, by the Company are included in the recent data available to Sparton. Now, knowing the laboratories where the analyses were done, the

Company continues to believe them to be reliable. More work needs to be done however, to verify or these historical results and information.
Further, a qualified person under NI 43-101 has not done sufficient work to verify these historical results with new sampling and analyses.

VanSpar and Xiushui, Jiangxi Vanadium Projects China

In 2011, VanSpar was mandated as the exclusive consolidator of vanadium projects in the Xiushui area by the local government. The evaluation of the several nearby vanadium opportunities in Jiangxi Province, China, continued through 2012 by VanSpar and its local operating subsidiary, JJ Sparton (closed on January 5, 2020). The vanadium opportunities evaluated included the Guojiaping, Rentian, Dong Du and Da Chun projects. All of the vanadium deposits in the area appear to be amenable to simple open pit mining with a very low strip ratio. Additional drilling can expand the “resources” of these defined deposits relatively easily and bring them to a higher level of reliability.

In 2011, the Company prepaid $484,800 (RMB 3 million) for the acquisition of the Rentian Mining Company assets, including the Quankeng Mining Licence and its vanadium production plant infrastructure. In 2012, the Company took legal action against Rentian, for falsifying due diligence information about its assets, in order to recover the prepayment. A positive court judgment against Rentian in favour of the Company was received in the third quarter of 2012. See Note 8 to the December 31, 2017 audited consolidated financial statements. On the basis of the court judgment, the Company is now a secured creditor of Rentian and will seek to resolve the collection for the payment as the project moves forward.

VanSpar also entered into a Preliminary Agreement for the purchase of an 89% interest in the Dong Du licence, subject to positive due diligence studies. VanSpar had not concluded final agreements for the acquisition of any of the vanadium properties as of December 31, 2020 and its local subsidiary JJ Sparton was dissolved on January 5, 2020.

On April 16, 2019, the Company announced that its subsidiary, VStar Industries Inc. (“VSI”), had signed a binding term sheet to acquire 100% of the Bei An Mining License (“BAML”) in Jiangxi Province China. Under the terms of the agreement VSI will purchase 100% of the Xiushui Bei An Mining Company (“XBAC”), which in turn owns 100% of the BAML. The purchase price was to be finalized after technical and commercial due diligence was completed by VSI and will be within the range of RMB 14-22 million (CDN$2.78-$4.37 million). Payment was contemplated to be in a series of tranches related to milestones in the reactivation of mining at Bei An, including full government approvals for the proposed operations. There have been no new developments related to this transaction.

Vanadium prices rose significantly during 2018 rendering vanadium flow batteries very expensive. These have now come down to more historic levels. At current PRC spot vanadium pentoxide (V_2O_5) prices, of about US$6.00 per pound, for standard grade material, management believes that the Bei An and Quankeng and Rentian (process plant) projects represented significant opportunities with strong growth potential for the Company and strategic investors or partners. High purity V_2O_5 sells for substantially higher prices and is the quality of material which could be produced from the Xiushui deposits.

Lower V prices also render the VRB battery business more competitive.

The ban by PRC authorities on the import of waste material to be reprocessed for vanadium recovery has increased the domestic demand for vanadium products in China and may support new internal production projects. As much as 20-25 percent of China’s vanadium production has historically been from reprocessing of imported steel mill waste from South Africa and Russia which is no longer available.

Very significant new demand in the vanadium flow battery industry continues to develop internationally, with several new large installations for renewable energy storage commissioned and operating successfully around the world. VRB successfully installed and commissioned a 12 megawatt hour system in Hubei Province China which continues to operate successfully.

VRB signed an agreement on March 4, 2021 to build China's largest photo voltaic ("PV") solar integrated battery system – to build in phases a 500 MWH PV and energy storage power station integrating VRB's vanadium flow battery energy storage system ("VRB-ESS"). The project will be located in Xiangyang, Hubei Province, China at a new industrial park complex that will include a VRB-ESS manufacturing "Gigafactory", and a vanadium flow battery energy research and development institute. It will eventually generate 100 megawatts (1GW) of power annually.

With new investment funding very difficult to acquire as a result of deteriorating economic conditions related to China trade issues and more recently the Covid-19 situation, the Company has elected not to pursue further development of vanadium resource opportunities in PRC at this time. It continues to support VRB in its efforts to seek a reliable and low-cost vanadium supply for battery electrolyte and to find new markets for its batteries.

Dissolution of Jiujiang Sparton Vanadium Tech & Trade Company ("J.J. Sparton")

On January 5, 2020 the Company discontinued the J.J. Sparton operations and has dissolved the company J.J. Sparton, and reported $nil gain or loss from the disposal of J.J. Sparton. The loss reported for the discontinued J.J. Sparton operation for the six - month period in 2020 was $2,677 (2019 - $10,783).

Chebucto Gas

Sparton holds an estimated 6.5% unitized working interest in the Chebucto natural gas field, in the Sable Island area of offshore Nova Scotia. This is part of the Scotia Offshore Energy Project ("SOEP")

These include SDL 2286, part of the Chebucto gas field, in which the Company owns a 12.5 % working interest. Chebucto is located near the existing North Triumph production facilities. The SOEP supplies natural gas into the northeast seaboard areas of the United States and Canada. Sparton has owned the Chebucto interest since 1997.

There were no other new developments with Chebucto during the periods in 2019 and 2020. In 2013, the Company had re-assessed the value of the oil and gas properties and concluded an impairment of $553,914 and written down the value of the properties to $1 due to the continuing low price of natural gas.

Financial Highlights

Results of Continuing Operations

For the year ended December 31, 2020

The net loss from continuing operation for the year in 2020 was $652,991 compared to $188,413 for the year 2019. The much higher loss was due to $379,695 (2019 - $229,755) drilling and exploration activities in 2020 and $150,358 (2019 - $nil) stock-based compensation expenses (options granted). The Company's contract drilling subsidiary, EDCOR, recorded no revenue in 2020 (2019 - $46,567). Operating expenses from continuing operations totalled $744,792 in 2020 (2019 - $215,286). Main operating expenses include $379,695 exploration expenditures (2019 – $229,755), $45,009 (2019 - $26,451) general and administrative expenses, $150,358 (2019 - $nil) stock-based compensation expenses, $46,500 (2019 - $54,000) management and consulting fees, $36,063 (2019 - $41,815) professional fees, $13,865 (2019 - $9,120) interest and bank charges, $18,000 (2019 - $18,000) occupancy costs, $42,959 (2019 - $33,029) transfer agent filing and listing fees, and other expenses. The Company also recorded a $1,016 unrealized gain (2019 –$741 loss) from investment. $2,677 (2019 - $34,075) was recorded in the period in 2020 as the loss from discontinued operation of J.J Sparton. Cash flow from operating activities showed net cash outflow of $465,973 (2019 – $142,141) for the year ended December 31, 2020.

During the year ended December 31, 2020, the Company reported a total cash flow from financing activities of $564,720 (2019 – $102,665). In 2020, $484,720 (2019 - $94,880) was raised from the issuance of shares of the Company. In the year, the Company and its subsidiary EDCOR also obtained interest free Canadian Emergency Business Account loans from the Federal Canadian Government in a total of $80,000 (Note 7 to the financial statements).

Quarterly Information

The following table sets out selected quarterly financial information of Sparton and is derived from quarterly financial statements prepared by management:

	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	Mar. 31, 2019
Operating Revenue ($)	-	-	-	-	21,778	12,289	5,000	7,500
Total Net Loss (income)	188,426	333,032	68,661	65,549	(71,556)	48,240	66,623	173,181
Basic and Diluted Loss (gain) Per Share ($)	0.00	0.00	0.00	0.00	(0.00)	0.00	0.00	0.00

Liquidity and Financial Condition

As at December 31, 2020, Sparton had a liquidity concern. It had current assets of $112,931 (2019 - $19,371), and a working capital deficit of $473,3541 (2019 - $536,944). Cash and marketable securities totalled $105,123 (2019 - $5,369). Amount receivables were $6,486 (2019 - $7,616). Property, plant and equipment assets were $11,000 at December 31, 2020 (2019 - $16,500). Long term investment in VRB valued at $1,489,410 (2019 - $1,519,596). Current liabilities totalled $586,285 at December 31, 2020 (2019 - $555,315). Included in the current liability were $nil bank indebtedness (2019 – $7,785), $64,168 (2019 - $53,349) accounts payable and accrued liabilities, $284,561 (2019 - $275,441) of short-term debt, and $237,556 (2019 - $218,740) due to related parties.

As at December 31, 2020 there was a short-term loan of $152,000 (December 31, 2019 - $152,000) bearing an annual interest of 6% payable on a quarterly basis in arrears, unsecured, and due on demand. As at December 31, 2020 there was $132,561 (2019 - $123,441) interest payable accrued for this loan. The large amount of accrued interest owing on this loan is a consequence of the lender requesting repayment of capital annually as opposed to interest.

The Company and its subsidiary also had interest free government subsidy loans (CEBA) payable with a future payment of $80,000 and a carrying amount of $41,669 as of December 31, 2020.

Non-controlling interests representing carrying value of the share interest held by minority shareholders in Sparton's subsidiary companies was $345,282 as at December 31, 2020 (2019 – $351,742).

Capital Management:

The Company is not subject to any capital requirements by a lending institution or regulatory body, other than the TSX Venture Exchange ("TSX-V") which requires adequate working capital or financial resources of the greater of a) $50,000 and b) the amount required to maintain operations and cover general and administrative expenses for a period of 6 months. As of August 29, 2020, the Company is not currently compliant with this policy of the TSX-V.

Outstanding Share Data

Sparton's authorized capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, there were 139,455,923 common shares issued and outstanding.

As of the date of this MDA, there are 2,700,000 share options and 5,127,617 warrants outstanding.

Related Party Transactions

The Company's related parties consist of the following:

Related parties	Relationship
A. Lee Barker	CEO and President; minority shareholder of VanSpar and VStar
Wes Roberts	Director
Richard D. Williams	Director; minority shareholder of VanSpar and VStar
Oriental Sources Inc.	A company controlled by the Company's CFO

Due to related parties	2020 $	2019 $
Advances from Lee Barker (i)	3,628	16,109
Advances from directors (i)	-	9,968
Consulting fees payable to Oriental Sources Inc. (ii)	130,113	106,848
Rent and fees payable to Lee Barker (ii)	103,815	85,815
Total	237,556	218,740

(i) Mr. Barker, the President of the Company, made advances to the Company that bear no interest, are unsecured and due on demand. As at December 31, 2020 the balance was $3,628 (2019 - $16,109). During the year 2019 Mr. Barker also made a short-term loan of $10,000 to the Company that was fully repaid in 2019 with interest of $88.

During 2019, Mr. Richard Williams and Mr. Wes Roberts each made an advance of $2,484 to the Company, Mr. Barker made an advance of $5,000 to the Company, that were non-interest bearing, unsecured and due on demand, and were all repaid in the year 2020.

(ii) During the year 2020, billings for management and consulting fees of $nil (2019 – $nil) were received by the Company from a director who is also the President of the Company. $18,000 (2019 - $18,000) office space rent expenses were accrued for property owned by the President. The Company was also billed and paid $46,500 plus HST (2019 - $54,000) by a company controlled by the CFO of the Company for consulting fees which were recorded as management and consulting fees on the consolidated statement of loss.

(iii) During the year 2020, three directors and one officer of the company were granted a total number of 1,900,000 options, as described in Note 8(b), that were valued at $105,807.

The compensation expense associated with key management and directors for employment services or similar during the years in 2020 and 2019 are as the follows:

		2020		2019
Salaries, consultant fees and other benefits	$	46,500	$	54,000
Stock-based payments		105,807		-
	$	152,307	$	54,000

New accounting policies:

Amendments to IFRS that are mandatorily effective for the year:

The Company has adopted the following new accounting standards from January 1, 2020. Adoption of the following standards has no material impact on the financial statements.

a) IAS 1 – Presentation of Financial Statements ("IAS 1") The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards.

b) IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards.

c) IFRS 3 – Definition of a Business. The amendments confirmed that a business must include inputs and a process, and clarified that the process must be substantive; and the inputs and process must together significantly contribute to creating outputs. The amendments narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and added a test that makes it easier to conclude that a company has acquired a group of asset, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

d) IFRS 7 – Financial Instruments Disclosures, IFRS 9 – Financial Instruments & IAS 39 Financial Instruments – Recognition and Measurement. Interest Rate Benchmark Reform: the amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBORs reform. In addition the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Standards, amendments, and interpretations Issued but not yet adopted

New and amendments to IFRSs in issue but not yet effective except for the above, the Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 Insurance Contracts[1]

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

[1] Effective for annual periods beginning on or after January 1, 2021

[2] Effective for annual periods beginning on or after a date to be determined

The management is currently assessing its impact of adopting these amendments and don't expect material impact on the consolidated financial statements in the foreseeable future.

Critical Accounting Estimates and Judgements:

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates will, by definition, seldom equal the actual results. The following discussion sets forth management's:

- most critical estimates and assumptions in determining the value of assets and liabilities; and
- most critical judgments in applying accounting policies.

Please refer to Note 3 to the December 31, 2020 audited consolidated financial statements for the critical accounting estimates and judgements used by management for the financial statements.

Financial instruments and risk factors

The Company's current major projects are the Chebucto, offshore Nova Scotia, natural gas license, the nearby North Triumph license, the VStar vanadium deposit developments, the Bruell property, and the Sir Harry Oakes Mining property. Unless the Company acquires or develops additional project, the Company will be mainly dependent upon these projects. The Company subsidiary VStar's vanadium program in China may lead to acquisitions of vanadium related resource licenses there. If no additional major mineral related assets are acquired by the Company, any adverse development affecting these assets would have a material adverse effect on the Company's financial condition and results of operations.

The Company's discontinued focus on the vanadium project developments is related to adverse business development financing options in China. Other risk factors and the impact on the Company's financial instruments are summarized in the Note 4 to the December 31, 2020 audited consolidated financial statements. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Please refer to the Note 4 to the December 31, 2020 audited consolidated financial statements of the Company for the discussions on the financial instruments the Company holds, and the risk factors and analysis.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Corporate Governance and Management's Responsibility for Financial Statements

Management of the Company is responsible for the preparation and presentation of the annual and interim consolidated financial statements and notes thereto and the accompanying MD&A and other information contained therein. Additionally, it is management's responsibility to ensure that the Company complies with the laws and regulations applicable to its activities. The Company's management is accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. Responsibility for the reviewing and approving of the Company's annual audited and quarterly unaudited consolidated financial statements and related MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management.

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information management must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

All relevant information related to the Company is filed electronically at www.sedar.com and on the Company's website at www.spartonres.ca.

Outlook

The opportunities by VStar and VanSpar to acquire and develop the large Xiushui County vanadium deposits in Jiangxi province, China, and the evaluation of the local refinery, were historically consistent with the Company's business plan to develop mining operations and become a profitable specialty metal producer, thereby bringing new value to its shareholders through its direct operations and those of its subsidiaries. The Bei An purchase agreement was a breakthrough for the company to achieve these objectives. This opportunity has become less achievable with, current issues related to international trade and investment in China, the Covid -19 economic crisis, and reduced shortages of vanadium related products.

Because of these factors, there is clearly a major reduction in risk capital for this sector.

One of the challenges for clean electricity (wind and solar) is storage. The energy storage industry has now become a significant growth business with installations of clean electricity generation systems around the world. China has been particularly aggressive in this program with its movement to reduce pollution from its fossil fuel power plants. The best solution for power storage and grid distribution on a large scale appears to be the vanadium redox battery. Through Sparton's interest in vanadium, the Company's subsidiaries have been provided with the opportunity to be a participant in this exciting nascent global market. Recent China Central government policy statements are both encouraging and mandating the use of vanadium flow batteries in China and the VRB business is expected to grow now that vanadium prices have moved to levels that make vanadium flow batteries competitive with systems such as lithium.

It is anticipated that new contracts for storage systems will be forthcoming both in China and internationally. VRB is actively pursuing new sales opportunities and economical sources of vanadium both inside and outside of China.

Mineral exploration and mining objectives continue to be the focus of the Company's long-term plans as well as the ongoing search for other resource opportunities. With an emphasis on gold as a priority exploration target Sparton has recognized that, with the current economic situation and Covid-19 influence on the world economy, quality gold projects represent the best opportunity for financing and development.

The positive results achieved at Bruell during 2019 generated interest by Eldorado Gold to invest in the project as a joint venture partner, and post the Covid-19 Quebec exploration lockdown new geophysical surveys, geochemical sampling and possibly drilling are planned there by Eldorado for 2021.

By selecting projects near producing gold mines, the Company, if successful in locating new resources, has the potential for strong nearby partners to support additional exploration and development. With the ongoing Canada / US dollar exchange rate very favorable for domestic gold producers the Company believes that seeking viable precious metals projects in Canada will continue to be its focus. The agreement with Eldorado Gold for Bruell in the Val d'Or area of Quebec (nearby Lamaque Mine) and acquisition of the Oakes mining leases near Alamos Golds' Young Davidson Mine near Matachewan Ontario are examples of this Company strategy.

New financing initiatives to support all of these activities are being pursued by Company management on an ongoing basis. In a continuing depressed market for junior resource companies, Sparton has instituted significant cost cutting measures and is actively seeking new clients for its drilling subsidiary, EDCOR, as a source of revenue.

New project opportunities are also becoming available as competitors struggle to raise financing and these are also being evaluated.

2021 Progress

At the Oakes Project a total of 6 core holes comprising a total of approximately 800 meters were diamond drilled at the sites of historical holes numbered DDH 2A, DDH 3 and DDH 5. (Please see Sparton news release dated October 19th, 2020). All holes, except number 6, were drilled to the end of visible mineralization or alteration and ended in fresh rock material. The historical holes were only drilled to approximately 30 to 40 meter depths at minus 45 degree angles. The drilling was designed to essentially duplicate the historical holes by drilling a minus 50 degree hole and a steeper hole (minus 65 degrees) underneath from the same setup.

Assay results were slow in coming due to Covid 19 delays and extremely high laboratory work loads. Over 450 samples were submitted for precious metal and multi element analyses.

Holes DDH 20-1 and 20-2 were drilled east of the old shaft at the site of historical hole DDH 2A, which reported a zone of 5.5 grams per tonne over 5.53 metres. Holes DDH 20-3 and 20-4 were drilled at the site of historical hole DDH 3, which reported intersections of 8.23 grams per tonne over 1.5 metres, and 14.4 grams per tonne over 0.9 metres. Current holes DDH 20-5 and 20-6 were located at the site of historical hole DDH 5 which reported which 6.85 grams per tonne over 1.85 metres, 3.77 grams per tonne over 1.49 metres, and 3.43 grams per tonne over 0.61 metres; Please see Sparton news release dated September 16, 2020, and historical maps on the Sparton website at www.spartonresources.com.

Oakes Assay Results

Drilling results from the Oakes Project were reported in March of 2021. All holes intersected significant sulfide mineralization (up to 40% pyrite with lesser chalcopyrite) and ubiquitous red hematite and grey magnetite alteration plus intense silicification. The host sedimentary rocks are strongly brecciated and contain multiple quartz stringers and veining up to 1 meter in core length often associated with zones of red to grey syenite and locally containing up to 20% chalcopyrite. Zones of multiple stage quartz veining and mineralization occur in the current drill holes at roughly the same intervals as reported in the shallow historical holes but significantly more mineralization is present deeper in the current holes, indicating a much larger mineralised structural zone over 50 meters in width. Several small fault zones were encountered in all holes and overall core recovery exceeded 95%.

All core was systematically logged with a susceptibility meter to attempt to correlate mineralized sections with magnetic or non–magnetic zones. As well, all the core was logged systematically with a scintillometer to check for anomalous radioactivity associated with potassium alteration which is characteristic of gold deposits in the area, including the nearby Young Davidson Mine.

The Oakes assay results were not consistent with the historical data. The best results received from the drilling are set out below:

Hole 20-1 - 0.31 grams/tonne (“G/T”) Au (gold) over 1.5 meters from 14.5 to 16 meters, roughly corresponding to the zone reported in historical hole 2A;

Hole 20-1 – 0.26 G/T Au over 1.5 meters from 58.5 to 60 meters;

Hole 20-1 – 1.91 G/T Ag (silver) over 6.5 meters from 67.5 to 74.0 meters;

Hole 20-3 – 0.14 G/T Au over 6 meters rom 4.5 to 10.5 meters and:

0.10 G/T Au and 1.12 G/T Ag over 4.5 meters from 31.0 to 35.5 meters and:

0.22 G/T Au over 1.5 meters from 56.0 to 57.5 meters and:

0.11 G/T Au, 1.2 G/T Ag and 0.09% Cu (copper) over 0.5 meters from 104.0 to 104.5 meters from Hole 20-4 drilled under the historical hole DDH 3 at -65 degrees.

Assay results have now been received from holes 4 and 5 and no significant gold values were reported.

Edcor Drilling

Edcor Drilling Services completed a 500 meter contract in the Sudbury area of Ontario in the third week of March 2021. It is actively negotiating new contracts for the coming 2021 field season.

VRB Energy

On March 15, 2021 VRB announced a major new agreement for flow battery manufacturing and related activities.

“March 15, 2021 VRB Energy announces agreement for China’s largest solar battery; a 100MW solar & storage project in Hubei Province Framework also includes ‘Gigafactory’ manufacturing facility and vanadium flow battery R&D institute BEIJING, CHINA / VANCOUVER, CANADA – VRB Energy Chairman Robert

Friedland and Chief Executive Officer Dr. Mianyan Huang are pleased to announce a framework agreement for a 100 megawatt (MW) solar photovoltaic (PV) and 100MW / 500MWh vanadium flow battery integrated power station project in Xiangyang, Hubei Province.

The agreement also includes construction of the first 50MW per annum of a new 1,000MW per annum VRB-ESS® "Gigafactory" manufacturing facility, and a vanadium flow battery intelligent energy research and development (R&D) institute.

The agreement was signed by the Xiangyang Municipal Government, Hubei Pingfan New Energy, the Xiangyang High-tech State-owned Capital Investment and Operation Group, and VRB Energy at a ceremony on March 4th. The initial 40MW / 200MWh VRB-ESS® and 50MW per annum of manufacturing will start construction by May 2021.

"This project is a massive catalyst for VRB Energy's global growth and further demonstrates that we are developing the absolute best technologies to support the worldwide green energy revolution," said Mr. Friedland.

"China wants to install over 1,000 gigawatts (GW) of new solar PV and wind power by 2030 and they are not alone in the commitment to decarbonization and the 'greening' of their power grids; with both the U.S. and the European Union prioritizing renewable power solutions. Energy storage remains a key challenge in the mass adoption of renewable energy, and we're extremely proud to be leading the way in creating cutting-edge solutions at VRB," Mr. Friedland added.

The project builds upon the success of a "PV+VRB" project of 3MW PV and 3MW / 12MWh VRB-ESS® in Xiangyang executed with Pingfan New Energy in 2019, which further validates the business model and the technology as ideally suited for integration of the daily cycling of solar PV onto utility grids.

Dr. Huang noted that Hubei Province has rich mineral resources, outstanding industrial advantages, and an excellent business environment.

"This presents a unique opportunity for scale-up of the vanadium flow battery industry, and we applaud the government's plans to support development of a US$14 billion world-leading vanadium energy storage industry cluster," Huang commented."

Impact of COVID 19 Pandemic

On January 30, 2020, the World Health Organization ("WHO") declared a Public Health Emergency of International Concern resulting from an outbreak of pneumonia cases from an unknown cause which originated in Wuhan, China. Over a week later, on February 11, 2020, the WHO then announced a name for this new disease called the coronavirus ("COVID 19"). And on March 11, 2020, the WHO declared COVID 19 to be a global pandemic and a worldwide health concern to all of humanity. As a result, governing countries and their leaders around the world acted to mitigate the spread of this virus by restricting travel, testing and quarantining symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting residents to stay inside their homes. These measures have had a direct impact on the global and Canadian economy.

The Canadian government acted by testing and treating symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting the community to stay inside their homes. Due to these measures taken, many businesses were forced to lay off staff, postpone contracts and work, request financial relief and defer payments to their financial lenders, landlords and stakeholders and to close their businesses altogether. The Federal government also responded by extending tax filing and payment deadlines and made available a wage subsidy to qualifying businesses to help provide some relief during this challenging time.

It is uncertain how long these COVID 19 conditions will last and what economic impact they will have on the company's business, ongoing cash flows and its ability to continue as a going concern. A gradual loosening of operating restrictions by governments has allowed resumption of field work in low-risk areas in mid 2020, which included the Company gold project areas, and these activities continue.