



Management's Discussion and Analysis
Glen Eagle Resources Inc.

Third quarter ended September 30, 2022
(in Canadian dollars, unless otherwise stated)

Glen Eagle Resources Inc.
Management's Discussion and Analysis
Quarter ended September 30, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") follows rule 51-102A of the Canadian Securities administrators regarding continuous disclosure for reporting issuers. It is a complement and supplement to Glen Eagle Resources Inc.'s (the "Corporation") consolidated financial statements and related notes for the period ended September 30, 2022 and should also be read in conjunction with both the consolidated audited financial statements for the year ended December 31, 2021 and the annual MD&A for the year ended December 31, 2021 to provide further information on historical and past performance. This MD&A represents the views of management on current activities and past and current financial results of the Corporation, as well as an outlook of the activities of the coming months. The Corporation's significant accounting policies are set out in Note 2 of the audited consolidated financial statements for the year ended December 31, 2021. This report should be read in conjunction with the Corporation's consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

1.1 RESPONSIBILITY OF FINANCIAL REPORTS

This MD&A constitutes management's review of the factors that affected the Corporation's financial and operating performance for the period ended September 30, 2022. Management is responsible for the preparation of the Financial Statements and the MD&A. The Board of Directors (the "Board") has the responsibility to ensure that management assumes its responsibilities with regards to the preparation of the Financial Statements and the MD&A. To assist management, the Board has created an Audit Committee. The Audit Committee meets with management to discuss the operating results and the financial situation of the Corporation. It then makes its recommendations and submits the Financial Statements and the MD&A to the Board for their review and approval. Following the recommendation of the Audit Committee, the Board has approved the Financial Statements and the MD&A on November 25th, 2022.

Glen Eagle Resources is a publicly traded Corporation listed on the TSX Venture Exchange ("TSX-V") under the symbol "GER".

1.2 FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. These statements are reasonable but involve a number of risks and uncertainties, and there can be no assurance that they

1.2 FORWARD LOOKING STATEMENTS – CONTINUED

will prove to be accurate. Therefore, actual outcome and results may differ materially from those expressed in or implied by these forward-looking statements. The estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome. Factors that could affect the outcome include, among others: the actual results of current production and exploration, price of gold, silver and phosphate, competition, general business, economic, political and social uncertainties, pandemics, environmental issues, additional financial requirements and the Corporation's ability to meet such requirements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ from those anticipated.

1.3 NATURE OF ACTIVITIES

The Corporation's current activities consist in the production of gold and silver from the purchasing and processing of mineralized materials in Honduras. They also consist in acquiring mining concessions in Honduras and in Canada where it intends to proceed with exploration and evaluation programs. The Corporation plans to make other concession acquisitions and will develop these by exploration and evaluation programs or sell those as exploration assets.

The recovery of the exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to generate cash flow or obtain the necessary financing to complete exploration, evaluation, development and construction of processing facilities, obtaining certain government approvals and proceeds from disposal of assets.

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1.4 FINANCIAL HIGHLIGHTS

Highlights for the period ended September 30, 2022

For the period ended September 30, 2022 (Q3), the Corporation recorded total sales of \$21,410 (nil in Q3-2021), plus the production of finish goods for \$202,242 (\$164,189 in Q3-2021). This resulted in a negative gross operating margin of \$262,850 (\$301,430 in Q3-2021), an operating loss of \$1,958,343 (\$912,689 in Q3-2021), a net gain of \$320,026 (loss of \$956,824 in Q3-2021) and a Net comprehensive gain of \$479,147 (loss of \$916,855 during Q3-2021).

Operational

- During Q3-2022, the Corporation produced 92 ounces of gold and 484 ounces of silver (65 ounces of gold and 692 ounces of silver during Q3-2021).
- During Q3-2022, the plant processed 1602 tons of material, representing the usage of 35% of the plant production capacity compared to Q3-2021 when the plant processed 1,579 tons of material representing 29% of the plant capacity.
- During the first three quarters of 2022, the average cumulative material recovery rate was 52% (55% if including silver). This compares with the cumulative material recovery ratio of 56% (59% if including silver) on June 30, 2022.

Financial

- Positive EBITDA of \$552,807 in Q3-2022 compared to a negative of \$825,854 in Q3-2021.
- Negative cash flows of \$1,945,182 from operating activities before change in working capital in Q3-2022 compared to a negative cash flows of \$586,432 in Q3-2021.

Other

- On September 16, 2022, the Corporation announced that the Arbitrator rendered a decision regarding the GEM claim which ruled in favor of the claimant, ordering the Corporation to pay \$1,500,000 in damages to GEM Bahamas for not issuing warrants (which issuance would have been in violation of TSXV policies). The Corporation is currently evaluating its options with its legal counsel and will further report on this matter in due time.
- On June 17th, 2022, the Corporation signed a Mineral Option Agreement with an unlisted reporting issuer company (the "buyer") called First Phosphate Corporation, for an option to acquire the Moose Lake property. Per agreement, the buyer will pay the Corporation a total amount of \$1,491,000 and a total of 6,000,000 common shares. As of September 30, 2022, this resulted in a gain on disposal of exploration and evaluation assets of \$2,312,030.
- On April 6, 2022, the Corporation completed a private placement by issuing 5,150,333 units at \$0.06 per unit for a total consideration of \$309,020.

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1.4 FINANCIAL HIGHLIGHTS - CONTINUED

Strategy for 2022

Improvement of the production capacity usage and of the material recovery ratio

- During Q3-2022, the Corporation received and processed materials from July 15 until the end of August. Starting September 1st, considering the low material grade received from suppliers in August and the transportation difficulties due to the rainy season and the poor recovery, production management started a maintenance program to improve the plant efficiency for obtaining better gold recovery.
- During Q3-2022, the Corporation was very active searching for additional suppliers to feed the plant with higher than 4 grams per ton on a regular basis.
- During Q3-2022, the Corporation is also searching for additional laboratory equipment to reduce the variations obtained when comparing grades obtained from suppliers, external laboratories and the ones obtained from the analysis at the plant's laboratory.
- Cone crusher was repaired and operational during the third quarter. Therefore, mineralized materials were processed instead of tailings.
- The Corporation disclosed in a new release dated December 2, 2021 and February 10, 2022 that it was hopeful to generate substantial cash flow in the near future, considering that spare parts ordered in June 2021 were to be received early 2022. Due to the current global supply disruption, the spare parts were only received during May 2022. As a consequence, the cone crusher could not be repaired for Q2-2022, forcing the Corporation to process tailings instead of mineralized materials. The processed tailings also had a high concentration of copper which resulted in a more complex metallurgical operation, having to separate copper from gold and silver. This situation brought about a much lower than expected material recovery which resulted instead in a negative operational cash flow.
- During Q2-2022, the company reprocessed the first quarter residual material (called "slag") to ensure that separation of gold was maximized despite the high copper presence. This special process allowed to generate most of the quarter revenue while minimizing the cost for mineralized material.
- During the first half of 2022, a new specialist in equipment maintenance and a laboratory specialist were hired by Cobra Oro to improve the plant and laboratory operations.

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1.4 FINANCIAL HIGHLIGHTS - CONTINUED

- Management is also placing an emphasis in accessing its own mining concession in order to secure additional mineralized material supplies to be less dependant from outside suppliers. During the first half of 2022, subsidiary Cobra Oro and a local partner, created a subsidiary owned at 70%, called "Inversiones Technicas Del Pacifico".
- (1) EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. The Corporation uses this non-IFRS measure as an indicator of the cash generated by the operations and allows investor to compare the profitability of the Corporation with others by canceling effects of different assets bases, effects due to different tax structures as well as the effects of different capital structures. EBITDA is calculated on p.16 of this MD&A. See the "Non- IFRS Measures" section 1.17 of this MD&A.
- (2) Cash-flow used in operating activities before change in working capital items is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. This measure is calculated on p.16 of this MD&A. See the "Non-IFRS Measures" section 1.17 of this MD&A. The Corporation uses this non-IFRS measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

Commenté [GF191]: Je ne pense pas qu'il y a une mention du cash-flow per share dans le MDA

1.5 KEY ECONOMIC TRENDS

Since 2021, the outbreak of coronavirus (COVID-19) resulted in a major global health crisis which continued to have impacts on the global economy and the financial markets at the date of completion of the financial statements. These events have caused significant changes on the Corporation's ability to complete planned exploration and evaluation activities, execute its 2022 business plan in the expected time frame, or its ability to obtain debt and equity financing.

Following these events, the Corporation has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

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1.5 KEY ECONOMIC TRENDS - CONTINUED

Gold market

During the current period ended on September 30, 2022, gold price ended at \$1,661/oz compared to \$1,830/oz on at the end of 2021 for a decrease of 9.2% since December 31, 2021. During the third quarter ended September 30, 2022, the averaged market price for gold was \$1,728 /oz compared to \$1,789/oz in Q3-2021 for a decrease of 3.4%

The price of gold and exchange rates influenced the selling revenue of metals and the exchange rate between the US and Canadian dollars had an impact on transfers of funds between the entities.

Exchange rates

The quarter end and quarterly exchange rates for Q3-2022 and 2021 were as follows:

	\$US/\$CAD		HNL/\$CAD	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
September 30 (closing rate)	1.369	1.274	0.5545	0.0526
Q3 (average rate)	1.304	1.260	0.5326	0.0527
June 30 (closing rate)	1.289	1.239	0.0520	0.0518
Q2 (average rate)	1.276	1.229	0.0519	0.0511
March 31 (closing rate)	1.250	1.262	0.0511	0.0525
Q1 (average rate)	1.267	1.267	0.0516	0.0524
December 31 (closing rate)	-	1.274	-	0.0519

The price of gold and exchange rates influenced the price per ounce sold and the exchange rate between the US and Lempiras, compared to Canadian dollar, had an impact on transfers of funds between the entities.

Phosphate market

The continued unstable political situation in the western Sahara, where a large portion of the world supply of phosphate is mined continues to put pressure on investors and fertilizer producers (which are all highly integrated) to develop safer more stable sources. North America runs a deficit of roughly 4 million tonnes per year expected to have increased to 8 million tonnes per year by 2021. Global demand for phosphate is increasing at approximately 3% per year due to global population growth and a shift in dietary habits towards more protein-rich foods.

Recently, the ongoing conflict between Russia and Ukraine has disrupted the supply of many commodities from Russia and, created huge implications for the fertilizer market. Russia is a very large producer and exporter of various fertilizers, including phosphate as restrictions on imports from Russia occurred. Further, recent events surrounding the COVID-19 virus should continue to focus

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1.5 KEY ECONOMIC TRENDS - CONTINUED

attention on both the food chain and supply chain and thus, the attractiveness of the phosphate as a fertilizer.

These factors will contribute to the accelerated demand for fertilisers and consequently, to the development of projects in North America, and specifically in the province of Québec where several high phosphate concentrate deposits have been already identified.

1.6 DISCUSSION ON EXPLORATION AND EXPLOITATION ACTIVITIES

GOLD PROPERTIES

Cobra Oro de Honduras S.A. (100% wholly owned subsidiary)

Production development

During Q3-2022, the Corporation received and processed materials from July 15 until the end of August. Starting September 1st, considering the lower material grade received from suppliers in August and the transportation difficulties due to the rainy season, production management started a maintenance program to improve the plant efficiency for obtaining better gold recovery.

During Q3-2022, the Corporation was very active searching for additional suppliers to feed the plant with higher than 4 grams per ton on a regular basis.

During Q3-2022, the Corporation is also searching for additional laboratory equipment to reduce the variations obtained when comparing grades obtained from suppliers and the ones from the analysis at the plant's laboratory.

During Q2-2022, the company reprocessed the Q1 residual material (called "slag") resulting from low material recovery caused by a high concentration of copper. This material was processed without needing the use of the cone crusher which was being repaired to be operational by the middle of July. This resulted in a quarterly low cost for purchases of raw materials, considering the level of sales for this second quarter.

During the first half of 2022, a new specialist in equipment maintenance and a laboratory specialist were hired by Cobra Oro, in order to minimise the production downtime and maximize the usage of the plant capacity.

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1.6 DISCUSSION ON EXPLORATION AND EXPLOITATION ACTIVITIES - CONTINUED

On July 28, 2021, the Corporation announced the appointment of Karl Trudeau as the Corporation's new Chief Operating Officer (COO). Mr. Trudeau is an experienced professional specialized in Mining, Production, Engineering and Processing. Mr. Trudeau brings more than 17 years of mine and industrial process management and turn around situations to Glen Eagle. As Chief Operating Officer of Glen Eagle, Mr. Trudeau is responsible for all operational processes at Cobra Oro with the mission to turn around the situation at its gold processing plant by optimizing profitability.

Furthermore, a metallurgist was engaged by the Corporation to better understand the metallurgical of the material supplied by its suppliers, in order to maximise recovery of gold when processing rocks.

During the first half of 2021, the plant was partially in care and maintenance program due The Covid 19 situation causing difficulty to bring repair parts at the plant. This resulted in production stops and the Corporation took advantage of this situation, and increased efforts in reviewing the procedure for maintenance of the production plant.

Material supply

Management has signed, during the second quarter of 2021, a supply agreement with its Mexican partner (NSA) to increase daily mineralized materials of 100 tons for the remainder of 2021. The mineralized material supplied was not coming from mineral reserves and the economic viability was not proven because no 43101 report was produced proving adequate reserves. This agreement is to be renegotiated in 2022. Management is giving a constant priority of sourcing new suppliers for 2022. (See section 1.18- d))

Property

Since April 27th, 2020, the Corporation completed 80% of the acquisition of Piedra Dorada mining concession located in the mining district of El Corpus in Honduras. The concession is easily accessible all year long by the main road and covers 10 square kilometers of land located in the center of a 25 km wide corridor. A swap between property La Cobra and Piedra Dorada was engineered. The agreement for the acquisition of Piedra Dorada was finalized by the parties but is still in approval process as the exchange of properties needs to be approved by the Ministry of Mines for the transaction to be completed.

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1.6 DISCUSSION ON EXPLORATION AND EXPLOITATION ACTIVITIES - CONTINUED

Permits

On November 24, 2016, the Corporation announced that the most valuable permit (beneficiary permit) to meet mining compliance in Honduras has been renewed irrevocably in favor of Cobra Oro for the next fifteen years while its environmental permit was approved and validated.

This confirmed that the Hondurian minister of mine reviewed Cobra Oro production facilities and approved the production process applied by the Corporation.

PHOSPHATE PROPERTIES

Moose Lake, Lac St-Jean area (Quebec)

The Company owns a phosphate deposit approximately 100 km north of the town of Saguenay in the Saguenay-Lac-Saint-Jean region. The deposit was drilled in 2012 and 2014 and was traced over a length of 1.5 Km and is about 250 m thick in average. About 8,000 m of diamond drilling has delineated the deposit on a 100m by 100m drill grid. The deposit lies within a layered anorthosite complex and is considered to fall into the igneous source of phosphate which accounts for about 20% of the world's production. No work has been done on the project since 2017. The phosphate market has evolved in the last years with the development of Lithium Iron Phosphate batteries and the possible shortage phosphorous as fertilizer. During the quarter ended on March 31, 2022, the company has decided to reactivate this project by acquiring 27 claims by map designation. The

Moose Lake project now comprised 108 claims over a 60 km² area. These 27 claims contain 3 phosphates showing with phosphate grades of up to 6.56% P₂O₄.

On June 17th, 2022 (the Effective date), the Corporation signed a Mineral Option Agreement with an unlisted reporting issuer company (the "buyer") for an option to acquire the Moose Lake property. Per agreement, the buyer will pay the Corporation an amount of \$1,491,000 and a total of 6,000,000 shares, to be issued on or before the 6th month anniversary of the Effective date. The shares will be subject to a voluntary resale restriction from the date of issuance of the shares, with 10% of such shares being released on March 31, 2023 and 15% of shares being released every three months thereafter.

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1.7 SELECTED FINANCIAL INFORMATION

The Corporation prepared its consolidated financial statements in accordance with IFRS, as published by the International Accounting Standards Board. The Corporation's consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation.

A) STATEMENT OF CONSOLIDATED NET INCOME AND COMPREHENSIVE INCOME

Periods ended September 30, 2022, 2021 and 2020			
REVENUES AND EXPENSES	2022 \$	2021 \$	2020 \$
Sales			
Gold & silver	21,410	-	-
Cost of sales			
Stockpile ore	(149,170)	(121,315)	(7,854)
Consumables	(8,282)	(11,106)	(6,991)
Salaries, benefits and other employee expenses	(99,705)	(130,307)	(108,427)
Electricity	(61,456)	(10,734)	(23,433)
Equipment repair and maintenance	(41,915)	(65,835)	(57,910)
Production supplies	(86,184)	(80,016)	(43,360)
Depreciation of plant, equipment, vehicle	(39,790)	(46,306)	(46,189)
Variation of finished goods	202,242	164,189	(69,126)
Variation of work in process inventory	-		(2,302)
Total Cost of sales	(284,260)	(301,430)	(222,736)
Gross operating profit (loss)	(262,850)	(301,430)	(222,736)
General and administration charges			
Office expenses and rent	(32,255)	(67,558)	(48,632)
Consulting and management fees	(92,526)	(61,249)	(55,950)
Share based payments	-	(299,560)	(101,481)
Professional fees	(126,523)	(91,040)	(38,217)
Public company expenses	(13,840)	(12,913)	(13,524)
Depreciation and amortization	(1,615)	(10,235)	(10,208)
Business development	(164,584)	(43,981)	(2,073)
Provision for contingency	(1,252,682)	-	-
Total G&A	(1,684,025)	(586,536)	(270,085)
Selling expenses	(11,391)	(10,783)	(10,360)
General exploration, net of tax credits	(77)	(13,940)	(94,688)
Operating loss	(1,958,343)	(912,689)	(597,869)
			-

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Interest expense and bank charges	(32,143)	(34,816)	(26,058)
Gain on disposal of exploration and evaluation assets	2,312,030	-	-
Foreign exchange loss	(1,518)	(12,355)	(12,674)
Unrealized gain (loss) on fair value of derivative	-	3,036	
Net loss for the period	320,026	(956,824)	(636,601)
Other comprehensive income (loss) net of income tax: Currency translation adjustment	159,121	39,969	(22,230)
Net comprehensive loss for the period	479,147	(916,855)	(658,831)
Basic and diluted Net loss per share	0.00	(0.01)	(0.01)

No dividends were declared or paid in 2022, 2021 and 2020.

OVERALL PERFORMANCE

SALES

- During the third quarter, Q3-2022, the gold and silver sales amounted to \$21,410 and finished goods inventory valuation increased by \$202,242. The finished goods are evaluated at the minimum of selling price or production cost; in that situation, they are at selling price. During Q3-2022, the Corporation received and processed materials from July 15 until the end of August. Starting September 1st, considering the lower material grade received from suppliers in August and the transportation difficulties due to the rainy season, production management started a maintenance program to improve the plant efficiency for improving gold recovery .

Two important factors to improve for increasing production level in 2022 and beyond.

Material recovery rate

- During Q3, although major equipment's such as cone crusher, were repaired, the recovery ratios was not improved as wanted and this situation requested full attention from local management to find the reasons for the lack of good material recovery. Some issues such as the material ending in the tailings, presence of copper in the material, wrong calculation of grade by the laboratory department have been scrutinized during the months of September and October.
- The cone crusher was repaired and operational by the beginning of the third quarter. During that period, mineralized materials were processed instead of tailings.
- A new laboratory specialist was nominated by the company to assist the Chief of Operations.

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1.7 SELECTED FINANCIAL INFORMATION - CONTINUED

- During the quarter, the Chief of Operations, assisted with a new metallurgist, equipment specialist and laboratory specialist, have worked to improve the equipment maintenance procedures and production processes.

Usage of production capacity

During the third quarter, the plant operated 41 days with 39 tons per day as an average while, management targeted 66 days at 70 tons per day which gave a 35% usage of plant capacity.

Supervised by the Chief of Operations, local management work to ensure equipment's profitability by ensuring that production stops are minimized: Therefore,

- Spare parts must be in sufficient quantity in the inventory, to ensure prompt equipment reparations
- Supplier's mineralized material with acceptable grade (more than 4gr/T) must be in sufficient quantity at the plant to ensure constant production.

COST OF SALES

Material supplies

- During the period ending Q3-2022, the grade per ton of the material processed was at an average of 3.9 gr/t compared to an average of 2.4 g/t of material processed during Q2-2021. During this period, it was found many discrepancies when comparing grades obtained from suppliers, external laboratories and the ones obtained from the analysis at the plant's laboratory. Consequently, management is searching for additional laboratory equipment to reduce the variations obtained.
- Also, during Q3-2022, a total of 1,602 tons were processed resulting in a 35% usage capacity. To operate at an 80% capacity, the plant would have to process around 3,700 tons. This is why local management is concentrating on finding more suppliers that can bring more materials.

Local management is dedicated to find new material with higher grade, to improve the profitability of the plant and has started an exploration program to identify properties with adequate grade, to improve the quality of feed at the plant and to help determine which property or concession is of interest for the Corporation.

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1.7 SELECTED FINANCIAL INFORMATION - CONTINUED

Table of statistics:	Tons per day average	% usage plant capacity (**)	% Material recovery rate (*)	Grade per ton
<u>YEAR 2021 - average</u>				
Period January 1 st – December 31 th	19	26%	59%	2.5
<u>Q1-2021</u>				
January 1 st – March 31 th	13	19%	44%	3.0
<u>Q2-2021</u>				
April 1 st – June 30 th	2	3%	63%	2.8
<u>Q3-2021</u>				
July 1 st – September 30 th	21	29%	77%	1.7
<u>Q4-2021</u>				
October 1 st – December 31 th	38	54%	53%	2.8
<u>YEAR 2022 - average</u>				
Period January 1 st – December 31 th	23	32%	52%	3.5
<u>Q1-2022</u>				
January 1 st – March 31 th	38	54%	23%	3.5
<u>Q2-2022</u>				
April 1 st – June 30 th	8	7%	(Note 1)	2.4
<u>Q3-2022</u>				
July 1 st – September 30 th	24	35%	46%	3.9

Note 1: During Q2-2022, the company reprocessed the Q1 residual material (called "shlag"). This material is not included in the tons per day average and usage % plant capacity. The impact of this process was on the % material recovery that increased from 23% in Q1-2022 to 56% on a cumulative basis for Q1 and Q2-2022.

(*) Excludes the silver ounces recovered as the Corporation is paying the material supplies received from locals, based on the gold grams determined to be in the material, after laboratory analysis.

(**) Since January 1st 2018, the tons per day achievable considering the equipment in place is 70 tons per day for 26 days per month. On July 1st, 2022, the number of days per month was modified retroactively to 22 days per month to better reflect reality.

Salaries

During the period ended September 30, 2022, labor costs amounted to \$99,705, compared to \$130,307 for Q3-2021. This was the result of the engagement of additional equipment and metallurgist specialists for monitoring the equipment repairs and maintenance, as well as the metallurgical treatment of the raw material being processed at the plant.

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1.7 SELECTED FINANCIAL INFORMATION – CONTINUED

Electricity

During Q3-2022, electricity cost amounted to \$61,456 compared to \$10,734 for Q2-2021. This is in relation to the level of production in the quarters.

Equipment repair and maintenance

During Q3-2022, the cost for repair and maintenance amounted to \$41,915, compared to \$65,835 for Q3-2021. This represents increased efforts in plant repair and maintenance during the two quarters as the rainy season explains the efforts put on maintenance to improve the plant efficiency.

Production supplies

During Q3-2022, the cost for production supply amounted to \$86,184, compared to \$80,016 for Q3-2021. The usage of supplies is for plant maintenance.

Gross operating margin

During the period ended September 30, 2022, a gross operating loss of \$262,850 was recorded compared to a gross operating loss of \$301,430 during Q3-2021. The production fixe and variable costs level requires an higher % of production usage and material recovery to get to the break even point.

G&A

The general and administration total expense were \$1,684,025 in Q3-2022 compared to \$586,536 for Q3-2021 for a variance of \$1,097,489. This variance is mostly explained by the GEM legal case for \$1,252,682 announced on September 16th, 2022, an increase in business development for \$120,603 and a reduction of share base payments of 299,560 during Q3-2022 compared to Q3-2021.

Summary: The operations are monitored with the objectives of:

- Improving the maintenance procedures to determine with more accuracy the spare parts to be inventoried in order to reduce the production stoppages and therefore increase the usage of the plant capacity to at least 80%
- Ensure an adequate spare parts inventory that will minimize the production stops.
- Ensure the plant is feed with material grade higher than 4 grams and with enough suppliers that allows to reach the usage of production capacity higher than 80%.
- Improve the equipment and production process to ensure a minimum 80% material recovery.
- To reduce the material cost per ounce produced, management is actively searching new concessions to ensure constant quality material availability.

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1.7 SELECTED FINANCIAL INFORMATION – CONTINUED

RECONCILIATION OF NET LOSS AND COMPREHENSIVE LOSS TO EBITDA

EBITDA reconciliation

	September 30 2022	September 30 2021
Reconciliation of net loss to EBITDA (1)		
Net comprehensive gain (loss) for the period	479,147	(916,855)
Financial expense	32,143	34,816
Depreciation	41,517	56,185
EBITDA ⁽¹⁾	552,807	(825,854)

Reconciliation of net cash flow from operating activities before change in working capital items per share ⁽²⁾

Net cash flow used in operating activities before change in working capital items ⁽²⁾	(1,945,182)	(586,432)
Basic weighted average number of common shares outstanding	<u>143,081,986</u>	<u>113,934,635</u>

(1) EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Corporation uses this non-IFRS measure as an indicator of the cash generated by the operations and allows investor to compare the profitability of the Corporation with others by canceling effects of different assets bases, effects due to different tax structures as well as the effects of different capital structures. See the "Non-IFRS Measures" section 1.18 of this MD&A.

(2) Net cash-flow from operating activities before change in working capital per share is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. See the "Non-IFRS Measures"

section 1.18 of this MD&A. The Corporation uses this non-IFRS measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

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1.7 SELECTED FINANCIAL INFORMATION – CONTINUED

General exploration and evaluation expenditures for the period ended September 30, 2022 and 2021.

The general exploration charge net of tax credits during the period ended September 30, 2022 of \$77 [\$13,940 during the quarter ended Q3-2022] represents exploration expenses incurred where the Corporation did not have the option to acquire the claims.

B) CONSOLIDATED FINANCIAL POSITION FOR THE PERIODS ENDED SEPTEMBER 30, 2022 and DECEMBER 31, 2021.

As at September 30, 2022, the total assets amount to \$4,464,005 (\$3,425,958 on December 31, 2021). The property and equipment amount to \$2,524,508 (\$2,505,475 on December 31, 2021) and the variation during the year results from the depreciation and variation in foreign exchange. The exploration and evaluation assets amount to \$1 as at September 30, 2022 [\$220,237 on December 31, 2021] as a payments totalling \$1,241,220,236 was received for the sale of Moose Lake property and recorded in reduction of the E&E assets, before being recorded as gain on sale of Exploration and Evaluation assets. As at September 30, 2022, the current liabilities of \$3,409,479 [\$1,639,700 as at December 31, 2021] includes an amount of \$431,736 for tax and other non-compliance penalty for which no scheduled payment terms have been determined, a provision for legal contingency of \$1,502,682, an amount of interest due to insiders of \$270,757 and management fees due of \$41,300; a provision for asset retirement obligations for an amount of \$76,518 was recorded on September 30, 2022 (\$69,936 on December 31, 2021).

Financial Position	September 30, 2022 \$	December 31, 2021 \$
Current assets	1,236,374	700,246
Property and equipment	2,524,508	2,505,475
Exploration and evaluation assets	1	220,237
Total Assets	4,464,005	3,425,958
Current liabilities	3,409,479	1,639,700
Term loans	150,000	560,000
Provision	76,518	69,936
Convertible debentures	-	95,933
Shareholders' equity	828,008	1,060,389
Total liabilities and Equity	4,464,005	3,425,958

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1.7 SELECTED FINANCIAL INFORMATION - CONTINUED

Property and equipment (P&E)

	Land \$	Building \$	Plant equipment \$	Vehicle \$	Machinery and Equipment \$	Total \$
Cost						
As at January 1, 2022	445,548	386,737	2,103,138	17,923	520,118	3,473,464
Additions	-	-	-	-	(1,948)	(1,948)
Foreign exchange	29,999	26,039	141,607	1,207	38,645	237,497
As at September 30, 2022	475,547	412,776	2,244,745	19,130	556,815	3,709,013
Accumulated depreciation						
As at January 1, 2022	-	(162,306)	(628,418)	(16,857)	(160,408)	(967,989)
Depreciation	-	(32,294)	(92,860)	(881)	(17,655)	(143,690)
Foreign exchange	-	(12,899)	(47,120)	(1,201)	(11,606)	(72,826)
As at September 30, 2022	-	(207,499)	(768,398)	(18,939)	(189,669)	(1,184,505)
Net book value September 30, 2022	475,547	205,277	1,476,347	191	367,146	2,524,508
	Land \$	Building \$	Plant equipment \$	Vehicle \$	Machinery and Equipment \$	Total \$
Cost						
As at January 1, 2021	523,732	394,775	2,146,858	18,297	524,961	3,608,623
Additions	(67,788)	-	-	-	6,009	(61,779)
Foreign exchange	(10,396)	(8,038)	(43,720)	(374)	(10,852)	(73,380)
As at December 31, 2021	445,548	386,737	2,103,138	17,923	520,118	3,473,464
Accumulated depreciation						
As at January 1, 2021	-	(121,984)	(497,292)	(13,586)	(129,268)	(762,130)
Depreciation	-	(42,934)	(141,680)	(3,560)	(33,872)	(222,046)
Foreign exchange	-	2,612	10,554	289	2,732	16,187
As at December 31, 2021	-	(162,306)	(628,418)	(16,857)	(160,408)	(967,989)
Net book value December 31, 2021	445,548	224,431	1,474,720	1,066	359,710	2,505,475

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1.7 SELECTED FINANCIAL INFORMATION - CONTINUED

Exploration and evaluation assets (E&E)

Capitalized exploration and evaluation assets are comprised of wholly owned mining rights, undivided interests in properties as described in the section 1.9:

Costs of E&E assets at the end of the period:

<u>Mining properties</u>	Moose Lake- Canada (phosphate)	La Cobral Piedra Dorada Honduras (gold) (b)	Total \$
Balance January 1, 2021	214,726	1	214,727
Additions	5,510	-	5,510
Balance December 31, 2021	220,236	1	220,237
Additions	1,856	-	1,856
Disposition (a)	(292,092)	-	(292,092)
Balance September 30, 2022	-	1	1

a) Moose Lake (Lac St-Jean – Quebec)

On October 12, 2011, the Corporation entered into an option agreement with a private company and two individuals, to acquire a 100% interest in a phosphate property ("Moose Lake") located in the St-Jean Lake area (Quebec), approximately 150 km south of Lisette Lake. As the obligations of the option agreement have been fully respected, the right to property was transferred to the Corporation in 2018. The Corporation assumes a 1% NSR payable to the vendor and redeemable by tranche of 0.5% for \$500,000 each. During the quarter ended on March 31, 2022, the Corporation added 27 claims to the property for a total of 108 claims.

On June 17th, 2022 (the Effective date), the Corporation signed a Mineral Option Agreement with an unlisted reporting issuer company (the "buyer") for an option to acquire the Moose Lake property. Per agreement, the buyer will pay the Corporation an amount of \$1,491,000 and a total of 6,000,000 shares of the buyer, to be issued on or before the 6th month anniversary of the Effective date. They were issued and received by the Corporation on August 23, 2022. The shares will be subject to a voluntary resale restriction from the date of issuance of the shares, with 10% of such shares being released on March 31, 2023 and 15% of shares being released every three months thereafter. The cost for shares was determined to be \$1,303,122 using the market value discounted by a factor to take into account the present illiquidity of the placement.

Payment of the amount of \$1,491,000 as follows:

- i) \$191,000 on the Effective date (June 17th, 2022); (received)
- ii) \$300,000 on or before July 7th, 2022; (received)

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1.7 SELECTED FINANCIAL INFORMATION - CONTINUED

- iii) \$500,000 on or before the 4th month anniversary of the Effective date; (received)
- iv) \$500,000 on or before the 8th month anniversary of the Effective date. (received)

a. La Cobra/Piedra Dorada

On November 24, 2016, Cobra Oro de Honduras obtained the renewal for a period of 15 years of the "Beneficiary permit" which confirms that the Corporation meets mining compliance in Honduras; the environmental permit was approved and validated.

On May 17, 2017, the Corporation acquired, through its wholly owned Honduran subsidiary, the property called "La Cobra", attributed to the Corporation by the Ministry of Mines of Honduras, which is composed of one claim covering approximately 775 hectares and located in the Valle Department, Honduras.

On March 6, 2020, the Corporation exchanged its La Cobra property for 80% of the Piedra Dorada property, located in the municipality of El Corpus, Choluteca, Honduras. The transaction is still in approval process as the exchange of property needs to be approved by the Ministry of Mines, for the transaction to be completed.

1.8 INVESTING ACTIVITIES

None

1.9 FINANCING ACTIVITIES

The Corporation is pursuing its financing alternatives mainly through the issuance of new equity and with the collaboration of its financial advisors.

CONVERTIBLE DEBENTURE

On December 13th, 2018, the Corporation completed the financing of a \$150,000 convertible debenture bearing interest at a rate of 12% per annum and maturing on December 12, 2021. The principal amount of the debenture will be payable at the maturity date and accrued interest will be paid on June 30 and December 31 of each year until maturity date. The debenture is convertible at \$0.20 into units, composed of one common share and one common share purchase warrant. The unit is to be converted at \$0.20 a share until maturity date for a total of 750,000 shares and 750,000 common share purchase warrants to be exercised at \$0.30 for two years after conversion of the debenture. On December 10, 2021, the Corporation issued 1,827,040 common shares at a deemed price of \$0.0821 per share, for the settlement of this \$150,000 convertible debenture.

TERM LOANS

A first loan by an insider, of \$100,000, is a non-guaranteed loan due on April 30, 2021, that was closed on October 20, 2018 and bears interest at an annual rate of 15%. The interest is payable twice a year on June 30 and December 31. Interest were not paid and recorded in accrued liabilities. An Officer of

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the Corporation has guaranteed this loan. On August 30, 2021, the Corporation has extended the loan until June 30, 2024. On December 20, 2021, the Corporation issued 1,218,026 common shares at a deemed price of \$0.0821 per share, for the settlement of this \$100,000 term loan due to an individual.

A second loan by an insider, of \$150,000, is a non-guaranteed loan due on April 30, 2021, that was closed on December 19, 2018 and bears interest at an annual rate of 15%. The interest is payable twice a year on June 30 and December 31. Interest were not paid and recorded in accrued liabilities. On August 30, 2021, the Corporation has extended the loan until June 30, 2024.

A third loan by an insider, of \$410,000, is a non-guaranteed long-term loan due on May 29, 2023, that was closed on May 30, 2019 and bears interest at an annual rate of 12%. The interest is payable monthly. Interest were not paid and recorded in accrued liabilities.

A fourth loan by an insider, of \$20,000, is a non-guaranteed long-term loan due on demand, that was closed on March 10, 2021 and bears interest at an annual rate of 12%. This loan including accrued interest for a total of \$23,643, were reimbursed on September 16, 2022.

SHARE ISSUANCE

i) On March 11, 2021, the Corporation made a first closing of a private placement for the issuance of 4,839,275 shares at a price of \$0.05 per share for a cash consideration of \$241,963. No warrants or commission were issued for this placement.

ii) On June 2, 2021, the Corporation completed the final closing of a private placement for 12,000,000 units for a cash consideration of \$600,000. Each unit consists of one common share and one warrant which entitles its holder to purchase one common share at a price of \$0.08 per share for 24 months. The fair value of \$200,419 was assigned to the warrant account and the total share issue cost amounted to \$5,250. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.05, expected dividend yield of 0%, expected volatility of 118.4%, risk free rate of 0.32% and expected life of 2 years.

iii) On September 13, 2021, the Corporation completed the final closing of a private placement for 14,285,714 units at a price of \$0.07 per unit for a cash consideration of \$1,000,000. Each unit consists of one common share and one warrant which entitles its holder to purchase one common share at a price of \$0.085 per share for 24 months. The fair value of \$423,063 was assigned to the warrant account and the total share issue cost amounted to \$61,394 reduced by a value of \$25,000 attributable to the warrants. The fair value of the warrants was determined using the Black-Scholes

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model with the following assumptions: share price of \$0.07, expected dividend yield of 0%, expected volatility of 128,2%, risk free rate of 0.41% and expected life of 2 years.

iv) On September 13, 2021, the Corporation issued 760,000 broker warrants exercisable at \$0.12 for 36 months. The fair value of \$83,595 was assigned to the warrant account. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.07, expected dividend yield of 0%, expected volatility of 128,2%, risk free rate of 0.41% and expected life of 2 years.

v) On December 29, 2021, the Corporation completed the final closing of a private placement for 5,142,855 units at a price of \$0.07 per unit for a cash consideration of \$360,000. Each unit consists of one common share and one warrant which entitles its holder to purchase one common share at a price of \$0.085 per share for 24 months. The fair value of \$140,346 was assigned to the warrant account and the total share issue cost amounted to \$7,074. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.07, expected dividend yield of 0%, expected volatility of 134,2%, risk free rate of 0.99% and expected life of 2 years. assumptions: share price of \$0.07.

vi) On April 6th, 2022, the Corporation completed the final closing of a private placement for 5,150,333 units at a price of \$0.06 per unit for a cash consideration of \$309,020. Each unit consists of one common share and one warrant which entitles its holder to purchase one common share at a price of \$0.08 per share for 36 months. The fair value of \$115,540 was assigned to the warrant account and the total share issue cost amounted to \$5,479. The fair value of the warrants was determined using the Black-Scholes model with the following assumptions: share price of \$0.075, expected dividend yield of 0%, expected volatility of 96,3%, risk free rate of 2,4% and expected life of 3 years.

EXERCISE OF WARRANTS

During the period ended March 31, 2022, a total of 3,000,000 share purchase warrants were exercised for a cash consideration of \$240,000. An amount of \$50,105 representing residual fair value allocated at the date of issue for the warrants was reclassified from Warrants to Share capital.

During the year ended December 31, 2021, a total of 400,000 share purchase warrants were exercised for a cash consideration of \$32,000. An amount of \$3,736 representing residual fair value allocated at the date of issue for the warrants was reclassified from Warrants to Share capital.

During the period ended September 30, 2022, a total of 3,587,500 share purchase warrants expired without being exercised. An amount of \$53,141 representing residual fair value allocated at the date of issue for the warrants was reclassified from Warrants to Contributed surplus.

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1.10 SUMMARY OF QUARTER RESULTS

The following table contains a summary of quarterly results of the last eight quarter-ends.

Quarter ended	Net gain (loss)	Comprehensive gain (loss)	Net loss per share
September 30, 2022	320,026	479,147	0.00
June 30, 2022	(358,498)	(320,066)	(0.00)
March 31, 2022	(893,349)	(935,003)	(0.01)
December 31, 2021	(1,111,092)	(1,161,157)	(0.01)
September 30, 2021	(956,824)	(916,855)	(0.01)
June 30, 2021	(302,827)	(329,612)	(0.00)
March 31, 2021	(397,998)	(425,737)	(0.00)
December 31, 2020	(509,738)	(583,898)	(0.01)

During the quarter ended September 30, 2022, a net gain of \$320,026 was recorded compared to a net loss of \$956,924 for the same period in 2021; the variation is mainly due to a gain on the disposal of Exploration and Evaluation asset, Lac Moose property, for \$2,312,030 during Q3-2022.

During the quarter ended June 30, 2022, a net loss of \$358,498 was recorded compared to a net loss of \$302,827 for the same period in 2021; the variation is mainly due to the improvement of the gross margin by \$128,904 counterbalanced by the increase in G&A where professional fees were higher by \$106,519 in Q2-2021.

During the quarter ended March 31, 2022, a net loss of \$893,349 was recorded compared to a net loss of \$397,998 for the same period in 2021; this negative variation was due to an increase in the G&A expenses for \$132,471 and an increase in the cost of sales for \$526,445 due to a lower material recovery rate.

During the quarter ended December 31, 2021, a net loss of \$1,111,092 was recorded compared to a net loss of \$509,738 for the same period in 2020. The variation is explained by higher-than-normal legal fees of \$342,000 and a legal provision of \$250,000, the low level of production during the fourth quarter coupled with additional production supplies needed for the annual repair and maintenance of equipment during the quarter.

During the quarter ended September 30, 2021, a net loss of \$956,824 was recorded compared to a net loss of \$636,601 for the same period in 2020. The variation is explained by the low level of production during the third quarter coupled with additional production supplies needed for equipment repair and maintenance and additional salaries during the quarter.

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1.10 SUMMARY OF QUARTER RESULTS – CONTINUED

During the quarter ended June 30, 2021, a net loss of \$302,827 was recorded compared to a net loss of \$268,764 for the same period in 2020. The variation is explained by the low level of production during the second quarter as the plant was in care maintenance.

During the quarter ended March 31, 2021, a net loss of \$397,998 was recorded compared to a net loss of \$235,163 for the same period in 2020. The variation is explained by the low level of production during the first quarter as the plant was in care maintenance.

During the quarter ended December 31, 2020, a net loss of \$509,738 was recorded compared to a net loss of \$130,578 for the same period in 2019. The variation is explained by the low level of production during the fourth quarter as the plant was in care maintenance.

1.11 RELATED PARTY TRANSACTIONS

Remuneration of key management

Key management includes directors and senior executives of the parent company and its subsidiary. The compensation recognized as an expense and paid to key management for services is presented below:

Related party transactions	Three-month period ended September 30, 2022 \$	Three-month period ended September 30, 2021 \$	Nine-month period ended September 30, 2022 \$	Nine-month period ended September 30, 2021 \$
Management fees	74,275	58,417	249,443	155,617
Share based payments	-	186,080	-	186,080
	74,275	244,497	249,443	341,697

During the period, companies controlled by officers and directors charged an amount of \$3,600 (\$3,600 – Q3- 2021) for office expenses and rent. An amount of \$41,300 is due to Officers of the Corporation at the end of the period (\$87,000 at the end of 2021).

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1.12 LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2022, the Corporation has a negative working capital of \$2,173,105 (negative of \$939,454 as at December 31, 2021). In the situation where cash flows from its operations in Honduras would be insufficient, management is of the opinion that additional financings would be necessary to maintain the status of its current and future obligations.

The Corporation's principal source of financing is equity financing, the success of which depends on capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its future exploration activities and be able to support its ongoing operations, the Corporation will need to maintain and expand its relationships with the financial community to obtain further equity financing which is often necessary to support exploration programs.

Management estimates that current funds will not be sufficient to meet the Corporation's obligations and budgeted expenses through December 31, 2022. Any additional funding may be met in the future in a few ways including but not limited to: increase in production, the issuance of new equity instruments and debt financing.

1.13 OFF-BALANCE SHEETS ARRANGEMENTS

The Corporation has not entered into any off-balance sheet arrangements including, without limitation, in respect of guaranteed contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or in respect to any obligation under a variable interest equity arrangement.

1.14 CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Corporation's significant accounting policies, critical policies estimates, judgments, and assumptions in notes 2, 3 and 4 of the audited financial statements for the year ended December 31, 2021. Management has established these amounts in a reasonable manner, to ensure that the financial statements are presented fairly in all material respects.

1.15 RECENT ACCOUNTING STANDARDS

New standards and interpretations adopted

No new accounting standards adopted for the period ended September 30, 2022.

1.16 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale financial assets; and, for liabilities, amortized cost. The table reproduced in the consolidated financial statements as at September 30, 2022, shows the carrying values and fair values of assets and liabilities for each of these categories as at September 30, 2022 and December 31, 2021. Furthermore, financial risks factors are well described in these financial statements.

1.17 NON-IFRS MEASURES

Throughout this document, the Corporation has provided measures prepared according to IFRS as well as some non-IFRS financial performance measures. Because the non-IFRS performance measures do not have any standardized definition prescribed by IFRS, they may not be comparable to similar measures presented by other companies. The Corporation provides these non-IFRS financial performance measures as they may be used by some investors to evaluate our financial performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS financial performance measures were reconciled to reported IFRS measures within the document. (Refer to section 1.7 for description and reconciliation of those non-IFRS measures).

1.18 RISKS AND UNCERTAINTIES

An investment in the common shares of the Corporation should be considered highly speculative for a variety of reasons. The following is a general description of certain significant risk factors which should be considered:

a) Mining industry and mining projects

Exploration and development projects have no operating history upon which to base estimates of future operating costs and capital requirements. Mining projects frequently require a number of years and significant expenditures during the mine development phase before production is possible. Development projects are subject to the completion of successful feasibility studies, obtaining the necessary governmental permits and securing necessary financing. The economic feasibility of such development projects is based on many factors such as estimation of reserves, metallurgical recoveries, future metal prices, and capital and operating costs of such projects. Exploration and development of mineral deposits thus involve significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. In fact, a mine must generate sufficient revenues to offset operating

1.18 RISKS AND UNCERTAINTIES - CONTINUED

and development costs such as the costs required to establish reserves by drilling, to develop metallurgical processes, to construct facilities and to extract and process metals from the ore. Once in production, it is impossible to determine whether current exploration and development programs at any given mine will result in the replacement of current reserves with new reserves. The Corporation is subject to risks and hazards inherent to the mining industry, including fluctuations in metal prices, costs of constructing and operating a mine as well as processing and refining facilities in a specific environment, availability of economic sources of energy and adequacy of water supply, adequate access to the site, unanticipated transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment (including regulations relating to prices, royalties, duties, taxes, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands), and industrial accidents and labor actions or unrest. The occurrence of any of these factors could materially and adversely affect the development of a project and as a result materially and adversely affect the Corporation's business, financial condition, results of operations and cash flow.

b) Licence and permits

Should the exploration activities be conducted by the Corporation and be successful, it may not be able to obtain the necessary licenses or permits to conduct or pursue its exploration and mining operations on its properties, and thus would realize no benefit from its exploration activities on its properties. Furthermore, as part of its ore processing activities, the Corporation is required to obtain several permits. Although the Corporation believes it will obtain the required permits, it may face administrative delays in doing so, which could impact its operations.

c) Political and country risk

The principal interest of the Corporation is located in Honduras. The Corporation believes that government of Honduras supports the development of its natural resources by foreign companies. However, there is no assurance that future political and economic conditions in Honduras will not result in the government adopting different policies regarding foreign ownership of mineral resources, taxation, exchanges rates, environmental protection, labor relations, and the repatriation of funds. The possibility that a future government may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out. The Corporation's current and future mineral exploration and mining activities could be impacted by widespread civil unrest and rebellion. Country risk refers to the risk of investing in a country, dependent on changes in the business environment that may adversely affect operating profits or the value of assets in a specific country. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events contribute to companies' operational risks. Currently and since its operation began in Honduras, the Corporation has not suffered any of these risks.

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1.18 RISKS AND UNCERTAINTIES - CONTINUED

d) Supply and quality of feedstock

Since 2015, the Corporation has built a plant in Honduras and has since been purchasing mineralized material from suppliers. It therefore did not base its decision to build on a feasibility analysis of mineral reserves demonstrating the economic and technical viability of the project. Depending on external party for the feed of the plant, the degree of uncertainty is increased, which increases the economic risks of the project.

The Corporation's operations involve the purchase of mineral ore from local producers which is then converted to supply the production of its plant. The increase in production and revenues of the Corporation will depend on the availability of the mineral ore being supplied by the local producers. To mitigate this risk, the Corporation is increasing the number of suppliers of mineralized material.

As the Corporation does not mine its own ore, it does not have entire control over the ore grade supplied from its suppliers. Also, it does not proceed with a technical report to assess the quality of material brought by suppliers, but rather proceed with internal laboratory analysis of the material brought by ore suppliers.

e) Competition

The Corporation is in competition with other processing companies in Honduras. Although the Corporation has been able in the past, to maintain and even increase its market share and build a good reputation with its suppliers, in that field of operation, there can be no assurance that it will indefinitely retain its position in this market. The Corporation is increasing efforts on the ground to develop the growth of its processing business. The Corporation is also in competition with other mining companies for the acquisition of interests in precious and base metal mining exploration properties. In the pursuit of such acquisition opportunities, the Corporation competes with several Canadian and foreign companies that may have substantially greater financial and other resources. Although the Corporation has acquired many such assets in the past, there can be no assurance that its acquisition efforts will succeed in the future.

f) Dependence on management

The success of the operations and activities of the Corporation is dependent to a significant extent on the efforts and abilities of its management team. See "Directors and Officers" for details of the Corporation's current management. Investors must be willing to rely to a significant extent on their discretion and judgment. The Corporation does not maintain key employee insurance on any of its employees. The Corporation depends on key personnel and cannot provide assurance that it will

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1.18 RISKS AND UNCERTAINTIES - CONTINUED

be able to retain such personnel. Failure to retain such key personnel could have a material adverse effect on the Corporation's business and financial condition.

g) Regulation and Environmental Requirements

The activities of the Corporation require permits from various governmental authorities and are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, environmental protection and other matters. Increased costs and delays may result of the need to comply with applicable laws and regulations. If the Corporation is unable to obtain or renew licenses, approvals and permits, it may be curtailed or prohibited from proceeding with exploration or development activities.

h) Capital Needs

The exploration and evaluation, development, mining and processing of the Corporation's properties may require substantial additional financing. The only current source of future funds available to the Corporation is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Corporation or that it will be obtained on terms favourable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position. In addition, any future equity financings by the Corporation may result in a substantial dilution of the existing shareholders. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further exploration and evaluation, development, or production on any or all of the Corporation's properties or even a loss of property interest.

i) Commodity Prices

The market price of the Corporation's common shares, its financial results and its exploration and evaluation, development and mining activities have previously been, or may in the future be, significantly adversely affected by the volatility in the price of precious or base minerals, including gold, and phosphate.

j) Uninsured Risks

The Corporation's business is subject to several risks and hazards, including environmental conditions adverse, environmental regulations, political uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

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1.18 RISKS AND UNCERTAINTIES - CONTINUED

k) Going Concern

The future of the Corporation depends on its ability to finance its activities and to develop its assets. Failure to obtain sufficient financing may result in the Corporation not being able to continue its operations, realize its assets and discharge its liabilities in the normal course of business in the foreseeable future.

l) Uncertainty due to COVID-19

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Corporation's operations, financial results and condition in future periods are also subject to significant uncertainty. Glen Eagle Resources' operating counterparties have announced temporary operational restrictions due to the ongoing COVID-19 pandemic, including reduced activities and operations placed on care and maintenance. In the current environment, the assumptions and judgements made by the Corporation are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends, but is not limited to, the Corporation's valuation of its long-term assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

1.19 SUBSEQUENT EVENTS

None

1.20 QUALIFIED PERSON

Gilles Laverdière P.Geo., is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this document.

1.21 OUTLOOK

The availability of funds is a function of the capital markets. The Corporation is searching for financing in a difficult market, impacted by the COVID-19. It is confident to be able to finance itself and to find new mining properties. The Corporation's ability to continue as a going concern is dependent upon raising additional fund. The outcome of these matters cannot be predicted at this time.

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1.22 DISCLOSURE OF OUTSTANDING SHARE, OPTIONS AND WARRANT DATA

Disclosure of outstanding securities as of November 25th, 2022

Common shares outstanding: 143,081,985

Options outstanding: 9,685,000

Number of options	Exercise Price	Expiry Date
175,000	\$0.225	January 25, 2023
350,000	\$0.13	January 24, 2024
1,450,000	\$0.105	June 25, 2024
425,000	\$0.10	February 13, 2025
1,700,000	\$0.10	September 18, 2025
800,000	\$0.07	July 28, 2026
4,535,000	\$0.10	August 30, 2026
150,000	\$0.125	October 5, 2026
100,000	\$0.10	November 18, 2026

Warrants outstanding: 42,038,902

Number of warrants	Exercise Price	Expiry Date
8,600,000	\$0.08	June 2, 2023
7,500,000	\$0.12	September 1, 2023
600,000	\$0.12	September 1, 2023
14,285,714	\$0.085	September 13, 2023
760,000	\$0.085	September 13, 2023
5,142,855	\$0.085	December 29, 2023
5,150,333	\$0.08	April 6, 2025

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1.23 ADDITIONNAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Corporation is available through regular filings of quarterly and annual financial statements and press releases on SEDAR (www.sedar.com) or on our web site www.gleneagleresources.com

(s) Jean Labrecque
Jean Labrecque
President & Chief Executive Officer

(s) Daniel Bélisle
Daniel Bélisle
Chief Financial Officer

CORPORATE INFORMATION

Directors

Jean Labrecque
Gilles Laverdière (1)
Charles Taschereau (1)
Guy Chamard (1)
Karl Trudeau

(1) Audit Committee member

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Solicitors

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Officers

Jean Labrecque
President & Chief Executive Officer

Daniel Bélisle
Chief Financial Officer

Exchange Listing

TSX-V
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Cussip: 87973L103
ISIN: CA87973L1031

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