VVC EXPLORATION CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Year Ended

January 31, 2020

TABLE OF CONTENTS

<u>**Form 51-102F1**</u>

VVC EXPLORATION CORPORATION ("VVC")

2369 Kingston Road, P.O. Box 28059 Terry Town, Scarborough, Ontario M1N 4E7

Tel: (416) 619-5309 http://www.vvcexpl.com

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JANUARY 31, 2020

This Management's Discussion and Analysis ("MD&A") of VVC for the year ended January 31, 2020 (the "Period") was prepared on May 29, 2020 and should be read in conjunction with the Company's January 31, 2020 audited consolidated financial statements and related notes, prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial information disclosed in this report was prepared in accordance with IFRS unless otherwise disclosed.

All amounts herein are expressed in Canadian dollars unless otherwise indicated. The technical information in the MD&A has been approved by Peter Dimmell, P.Geo. (NL, ON), a mineral exploration consultant and a director of VVC, who is a qualified person (QP) under National Instrument (NI) 43-101.

FORWARD LOOKING INFORMATION

This MD&A includes forward-looking statements that are subject to risks and uncertainties and other factors that may affect the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general economic and business conditions, which among other things, affect the price of metals, the foreign exchange rate, the ability of the Company to implement its business strategy, and changes in, or the failure to comply with government laws, regulations and guidelines. Unless otherwise required by applicable securities laws, VVC disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information relating to VVC can be obtained from its News Releases and other public documents at the SEDAR website <www.sedar.com>.

BUSINESS OVERVIEW

The Company is a venture issuer reporting in Ontario, British Columbia, Alberta and Quebec. The Company's common shares trade on the TSX Venture Exchange under the symbol "VVC".

VVC is in the business of acquisition and exploration of resource properties in the mineral sector. VVC's principal business activity is the exploration and development of gold and base metal mineral properties both nationally and internationally, but principally in Mexico. Throughout this document "the Company" refers to VVC and its wholly-owned subsidiaries, Camex Mining Development Group Inc ("Camex") and VVC Exploración de Mexico, S. de R.L. de C.V. ("VVC Mexico").

<u>*(A) Samalayuca Cobre S.A. de C.V.("SCSA")*</u>

VVC, through its acquisition of Camex, owns 33.75% of SCSA, the owner of the Kaity claim (the "Kaity Property"), which covers stratiform, sediment hosted, copper mineralization along the Samalayuca Sierra. The remaining interest in SCSA is beneficially owned 28.125% by Orford Resources Ltd. ("Orford"), 25% by Firex, S.A. de C.V. ("Firex") and 13.125% by Inversiones Agrofinancieras de Panama, S.A. ("IAP"). The technical details of the project are given below. The Company has an option with Orford and IAP to purchase their interest in SCSA over a period of 3 years. The Company expects to exercise that option in 2020. The Company is also negotiating with Firex to purchase their 25% interest.

The Kaity Property comprises one mining concession totaling 1623 ha located in Chihuahua State, approximately 40 km southwest of Juarez MX / El Paso, Texas. It is road accessible via Highway 45 and a number of unpaved roads/trails that extend around the Samalayuca Sierra. The Kaity Property covers stratiform, sedimentary hosted copper deposits in Permian age, chloritized sandstones, carrying significant silver and minor gold values over a mineralized trend at least 5 km long. The Samalayuca Sierra has been explored for copper since the early 1950's with small scale, artisanal mining from open pits carried out for a few years in the 1960's over a strike length of at least 4 km. Camex work has included 395 mostly chip/channel samples, from the various deposits / showings along the trend, most of which gave copper values ranging from 0.1 to 0.8 %, with a number of values >1% copper. From east to west the zones include: Suerte, Zorra, Juliana, the Gloria deposits and Concha.

A 43-101 report by Michel Boily, PhD, P.Geo, dated April 20, 2013, filed on SEDAR on October 7, 2013, describes the Kaity Property and mineralization as follows: "The mineralized rocks form part of a pluri-kilometer-thick sedimentary assemblage deposited in the Chihuahua trough from the Paleozoic through Early Cretaceous eras. This vast sedimentary trough is a right-lateral pullapart basin that underwent important deformation during the Late Cretaceous-Early Tertiary Laramide orogeny. The sedimentary formations containing the Cu mineralization consist of a cyclic sequence of fine to coarse-grained sandstones (chloritized quartzites/arenites) with subordinate phyllitic and conglomeratic intervals which exhibit low grade regional metamorphism. The copper mineralization (1-10%) occurs as fine-grained primary and supergene copper sulphides, including digenite, chalcocite, covellite, bornite and chalcopyrite. Oxidized copper minerals such as malachite and azurite are common as coating and in fractures. Metallurgical tests on heap leach and vat leaching processes for Cu-ore beneficiation determined that the optimum procedure is a vat leaching using an ore granulometry of -3/8", a time of lixiviation of 30 days followed by a wash of eight days, with industrial grade sulfuric acid concentrations of 3.0%. Exploration work conducted since 2010 consists of geological and structural mapping of the key Cu-mineralized areas including the open mined pits. Channel sampling was performed vertically and perpendicular to the strike of all sandstone layers exposed in the mining pits. The assay results from the collected samples served as a basis or calculating an Inferred Resource of 4,100,281 t grading 0.47 wt. % Cu and 5.8 g/t Ag.

Due diligence – Three selected grab samples taken during a due diligence visit by QP, Peter Dimmell in July, 2013, prior to the Camex acquisition by VVC Mexico, gave the following results from selected hand samples: Gloria Main Pit – 2.77% Cu, 21.2 g/T Ag; Juliana – 21.6% Cu, 184.8 g/T Ag; Suerte – 1.38% Cu, 9.5 g/T Ag. The high-grade sample from Juliana was chalcocite in a quartz carbonate vein approximately 2 cm wide while the samples from Gloria and Suerte were disseminated malachite azurite in sandstone, more typical of the mineralization noted along the Samalayuca trend.

2017 Exploration – Permits for diamond drilling were received in early summer 2017 and the drilling started with Phase 1 in late August followed by Phase 2 in November, totaling 2721 m in 23 holes. The first phase totalled 1477 m in 6 holes testing the Gloria zone only. Fault structures, previously not recognized, were found to have offset the mineralized zones so it was decided to halt the drilling and carry out structural / lithological geological mapping and compilation of the data to better understand the geology of the zones prior to further drilling. Once this was done, the Phase 2 drilling began in early November 2017 with holes 7 to 23 completed for a total of 1244 m. The drilling tested known copper zones including Gloria, Gloria NW, Gloria Extension, Thor and Zorra. The drilling at Gloria and Gloria extension zones intersected significant mineralized zones with thicknesses up to 36 m and grades in the 0.3 to 0.6 % Cu range. The Kaity Property hosts significant stratiform copper mineralization over a 5 km strike length based on the old, shallow, artisanal mines and VVC's drilling.

The Company announced the final results from the Gloria Extension zone on February 8, 2018. Drilling tested the down dip extension of the copper zone, exploited in the artisanal pit, with the 2 final drill holes of the Phase 2 program. Results included:

- SC17-022 - 0.51 % Cu / 27 m at 14.5 m depth – approx. 27 m true width
- SC17-023 - 0.36 % Cu / 51 m at 10 m depth – approx. 36 m true width.

2018 Exploration – The Phase 3 drilling program, planned for 3000 m, began in May 2018 with 9 additional DDH's completed in Gloria Extension East, all of which intersected near surface copper mineralization. This program continued the evaluation of the main artisanal, previously mined, areas of Kaity Property to define the thickness and grade of the mineralized zones. The four goals for the Phase 3 program were:

- Definition of the significant, near surface, copper mineralization encountered in holes 22 and 23 on the Gloria Extension where drilling tested the 350-meter mineralized zone.
- Evaluation of the Concha zone along the 700-meter mineralized zone mined by artisanal miners.
- Testing the Zorra zone, the artisanal pit at the highest elevation on the Samalayuca Sierra, which gave the highest copper grades from chip sampling by VVC geologists over a 175 m strike length. Copper values of 1.19% over 4 m, 0.28% over 7 m, including 0.63% over 2 m, and 2.25% over 6.5 m were found. (*These results are chip samples and are not necessarily representative of the overall grade of the zone.)*
- Drilling additional holes in the Juliana, Suerte and Trinadad pit areas to evaluate the mineralized zones as well as to define any connections between them.

Highlights from the Phase 3 drilling were:

1. Extensive near surface mineralization, as defined in drilling in Phases 1 and 2, continues in the western third of the Gloria Extension zone.

2. Copper grades in the 0.2% to 0.6% range, with mineralized zones up to 30 meters plus in true width, were intersected.

The results from the first 3 holes in Phase 3 (SC18-024-026), also in the Gloria Extension zone, adjacent to SC17-022 and SC17-023, provided further definition of the near surface copper mineralization. Results were summarized in a news release issued on August 2, 2018 with a plan map and a vertical section (525E) through the copper mineralization, showing the drill locations and results, which can also be viewed at: <http://globenewswire.com/NewsRoom/AttachmentNg/91ae9abc-fac4-478f-b706-83eb310da233/en>. Further results of the Phase 3 drilling were released in a news release dated August 17, 2018 with a Plan and Sections, showing the dimensions of the copper mineralization in the Gloria Extension Zone. The drilling shows the potential for significant stratiform copper mineralization, which has been traced for over 5 km based on the shallow artisanal mines and VVC's drilling. Further results were announced on October 11, 2018 with a map showing the drill locations with the final results presented on January 17, 2019 and a summary of results from the program presented in a news release issued on January 30, 2019.

Geology – The Kaity Property covers copper mineralisation in the Samalayuca Sierra, characterised as a "Stratiform Copper Deposit" type, as recognized by qualified persons, Michel Gauthier and Jocelyn Pelletier (2012), and Jacques Marchand and Michel Boily (2013). Fine disseminated chalcopyrite-bornite and associated oxide copper minerals, common to these deposits, are noted in a wide chloritized zone along the Sierra with mineralized zones from 3 to 36 m wide, true thickness, as defined in the old surface pits. The stratigraphy strikes NW and dips gently, approximately 25 degrees to the NE, although it is variable. Vertical faults can generate supergene copper enrichment when they cut the mineralised strata. The old mining works by the artisanal miners (gambusinos) targeted the higher grade, surface, copper zones, exploiting them by shallow (< 20 m deep) open pits and hand cobbing (selecting) the ore for direct shipping to the smelter.

2019 Resource Estimate – A National Instrument (NI) 43-101 Technical Report on the Kaity Property by Jacques Marchand P.Eng. Geology, dated April 21, 2019, filed on SEDAR on May 7, 2019, gives Indicated Resources of 9.6 million tonnes grading 0.282% Cu (59.5 million lbs) and Inferred Resources of 14.398 million tonnes grading 0.281% Cu (89.44 million lbs) using a cut-off grade of 0.15%. The Resource Estimate covers eight zones of the Kaity Property: Gloria, Gloria Extension, Concha, Gloria North, Juliana, Zorra, Trinidad and Suerte, which occur along a 5.5 km long by 0.5 km wide, northwesterly oriented ridge.

The 2 largest zones are:

- Gloria Extension, with Resources of 4.1 million tonnes at 0.26% copper Indicated and 2.5 million tonnes at 0.24% copper Inferred;
- Concha, with Resources of 3.2 million tonnes at 0.30% copper Indicated and 6.2 million tonnes at 0.27% copper Inferred.

The Gloria Extension and Concha zones are the most favorable areas for the delineation of Measured Resources. Gloria Extension lies near the top of the Sierra and dips shallowly along the northeast slope of the Sierra, an ideal situation for low-cost exploration and possible exploitation. Concha zone mineralization has good potential for more resources with good continuity demonstrated by drilling at depth. Consultant Jacques Marchand has proposed a linked two-phase drill program to define the economic potential of the more promising zones.

Due Diligence Sampling Verification – As required in a NI 43-101 report, historical results have to be verified. In June 2011, chip samples were taken from the Kaity Property either by Jacques Marchand directly or by J. Pelletier and A. Aragon under Jacques Marchand's supervision. The samples were analyzed for base metals using the ICP technique at the Chemex laboratory in Hermosillo, Sonora, MX. Only Cu gave anomalous values. The correlation with the historical sampling is highly variable (up to 100%) but is considered acceptable given that the sampling was done in areas where the Cu mineralization is both stratigraphic and remobilized.

Analytical Techniques **–** Rock and drill core samples were analyzed at the ALS Chemex laboratory in Chihuahua city, MX using their ICP21 and ICP 4-acid (ME-MS61) techniques. Standard QA/QC techniques, such as duplicates and blanks were used as required.

Metallurgical Testing – In June 2019, metallurgical bench testing of copper mineralized samples from the Gloria Zones were conducted to evaluate the impact of crushing (ore size), acid flow rates and other leach related parameters, to determine the optimum requirements for the recovery of copper. The leach columns are 6 meters in height, matching the proposed thickness of the heap leach ore pads, to determine the optimum conditions for processing mineralized material from the Gloria Zones. After the ore is leached, copper recovery using electrowinning technology will be tested and considered for the proposed Gloria Pilot Mining Project.

Metallurgical test work continues to refine the reactant / water mixture to minimize the use of reactant and water, and to minimize costs. Results have been encouraging with recoveries higher than industry norms and reactant use lower, thereby decreasing costs.

Pilot Mining Planning – SCSA worked with an environmental consulting and law firm for authorization from CONANP and SEMARNAT (Mexican government groups responsible for the environment) for the environmental and mining permits. The Project was supported by the local community in this process.

The drilling program in 2017-18 was carried-out to define specific areas with the best potential for a proposed pilot mining program and was focused on three mineralized areas, the Gloria Extension, Gloria Extension East and Gloria Zones in the central part of the Kaity Property, extending over a strike length of 2 kilometers. The Gloria Extension, a 350-meter zone at the center of the Kaity Property, had the highest average copper values and also the widest mineralized zones in the drilling. The Gloria Extension East, a 900-meter zone with similar copper grades to Gloria Extension, but narrower widths, is adjacent to, and southeast of, Gloria Extension, separated by a fault. The Gloria Zone, a 700-metre zone adjacent to, and northwest of Gloria Extension has significant copper mineralization which is accessible from an existing surface pit. The Company believes that these zones are excellent candidates for a proposed Gloria Pilot Mining Project and has begun a bulk sampling program to further define the copper values, mineralogy and metallurgy, to determine copper recoveries and to evaluate mining scenarios.

Some, previously mined material, hand cobbed by artisanal miners, is available on site for a heap leach pad planned for 2019 to test and fine tune the heap leach system.

The Environmental Permit was received from the Mexican Government in November 2018 and Change of Land Use permit was received in early July 2019. The permits allow the Company to initiate mining operations in the Gloria Zones of the Kaity Claim (Gloria, Gloria Extension, Gloria East and Gloria NW). The receipt of the Environmental and Change of Land Use permits together marked a significant milestone for VVC. Once the permits were received, SCSA started mine preparation based on the exploration and the metallurgical test results. This included an evaluation of all aspects of the proposed Gloria Copper Pilot Mine and Processing facility in order to allow an informed decision regarding the start of a Pilot Mine in an environmentally and socially responsible manner, while generating positive economic and community impacts.

Firex (see 1st paragraph of Section A on page 1), had previously signed a contract with SCSA to manage the mining and provide up to $7 million in start-up loans to SCSA, however it is doubtful that Firex will fulfill its obligation due to legal and financial challenges that it is currently facing in Mexico. The Company is in discussions with Firex and is also looking at alternate funding for this purpose with details to be announced when available.

Pilot Mining Decision – In late July, after receipt of the Permits, VVV's technical team in Mexico completed an assessment of the Kaity Property's potential for Pilot Mining, and proposed a mining, processing and reclamation plan for the Gloria Zones of the Kaity Property. Following a site visit and review of the technical team's proposed plan by VVC's technical directors and a subsequent Board meeting where the proposed project was discussed in detail, the Company announced that the Board had approved the start of a Pilot Mine and SX-EW Processing facility on the Gloria Zones of the Kaity Claim (Gloria, Gloria Extension, Gloria East and Gloria NW), now referred to as the "Gloria Pilot Mining Project" or the "Gloria Project". The plan envisions mining of the oxide copper resources using an open pit extraction process, heap leach (solvent extraction) processing of the ore, and recovery of the copper using an on-site electrowinning facility, known as SX-EW processing. The plant will have an initial capacity to process approximately 2,000 tonnes per day of mineralized material, increasing to 4,000 tonnes per day, approximately 12 months after start-up. Construction of the facility is expected to take 6 to 9 months.

It should be noted that a decision to proceed to a pilot/test mining program does not constitute a decision to proceed to commercial production. No independent National Instrument 43-101 (NI 43-101) compatible Feasibility Study (FS), Pre-Feasibility Study (PFS), Preliminary Economic Assessment (PEA) or other economic assessment, relating to production, has been carried out on the Gloria Project and no NI 43-101 compliant <u>Reserves</u> have yet been defined and, as such, the Gloria Project has not been shown to be economic. In addition, there is no certainty that the proposed operation will conform to the timing noted above.

Subsequent to the Year End, concerns over the impact of Covid-19 resulted in the Government of Mexico issuing a temporary work stoppage with mines in Mexico, including the Gloria Project on the Company's Kaity Claim. The Village of Samalayuca, which is very near the Property has not had problems with Covid-19, but both El Paso, TX and Juarez MX which are less than 75 kilometers away, have experienced significant issues. The Government is now allowing selective reopening of projects around the country and we expect that the Gloria Project to be reopened in the near future.

(B) Other Mineral Properties in Mexico

Cumeral Property

In April 2010, VVC Mexico finalized a formal option agreement with 2 Mexican individuals (the "Optionee") relating to a 685-hectare (ha) gold mining project known as Cumeral (the "Cumeral Property") consisting of 3 mining concessions, in the State of Sonora, Mexico. The agreement to acquire a 100% interest in the Cumeral Property provided for payments of US$800,000 plus applicable taxes ("VAT") over a period of three years, the issuance of 200,000 common shares of the Company, and the reservation of a 2% Net Smelter Return ("NSR"). A finder's fee of US$5,000 was paid and 130,000 shares of the Company were issued to 3rd parties who were instrumental in arranging the transaction. All payments have been completed and ownership of the Cumeral Property is in the process of being transferred to VVC Mexico. In addition, VVC Mexico acquired additional concessions from the Ministry of Mines. Over the years, the size of these concessions was reduced to 1,000 ha, for a current total property size of 1,685 ha. These additional concessions are 100% owned by VVC Mexico and are not subject to the Option Agreement.

The Cumeral Property is located approximately 140 kilometres south of the City of Tucson, Arizona and 200 kilometres north of the City of Hermosillo, MX. A network of gravel roads and paved highways provide excellent year-round access. The Cumeral Property is situated in the under-explored Sierra Madre Occidental along the well mineralized "Sierra La Jojoba" trend, approximately 15 km northeast of the Mina Lluvia de Oro and Mina La Jojoba deposits which host over 26 million tonnes of measured, indicated and inferred resources grading 0.525 to 0.741 g/T gold (over 500,000 ounces of gold). This area of Sonora is host to numerous other gold deposits and mines, including Fresnillo PLC's & Newmont Mining Company's La Herradura Gold Mine which in 2009 produced over 255,000 ounces of gold and has proven and probable reserves of 193 million tonnes grading 0.65 g/T gold (4.1 million ounces). Other deposits in the area include San Francisco (780,000 ounces of gold reserves) and La Colorada (605,000 ounces of measured and indicated gold resources).

Exploration has included geological mapping, prospecting and rock chip sampling over a 120-hectare area in the vicinity of the old pits and shallow shafts (Tularcito area). Regional sampling has given values as high as 12.65 g/T in selected grab samples, and has defined five areas of gold/silver mineralization (Areas A to E) associated with strong alteration (sericite and quartz veining) with associated pyrite and hematite, trending in a northwest-southeast direction. The host units are heavily oxidized quartz sericite to biotite/muscovite schists. The Company also completed 28 air track drill holes totalling 572 metres with 15 holes in Area B and 13 holes in Area C and 1,020 meters in 14 holes in 2013 in Area A (1); Area B (3); Area C (4); Area E (4); Area F (2) for extensions to the east, down dip, on the stratigraphy of the known mineralized structures.

Area B, the main area of artisanal (gambusino) workings, covers an area of 155 by 180 metres. Air track drilling returned values as high as 1.45 g/T gold and 6.74 g/T silver over 14 metres including 4.19 g/T gold over 4 metres. Other values varied from insignificant to 0.42 g/T gold and 14.56 g/T silver over 10 metres. Eight of the holes returned values of 0.1 to 0.4 g/T gold and 1 to 4 g/T silver over widths varying from 4 to 22 metres. Air track drilling on Area C which covered an area of 115 by 200 metres, also gave significant values including 0.44 g/T gold and 0.48 g/T silver over 10 metres, and 0.21 g/T gold and 0.53 g/T silver over widths varying from 6 to 26 metres. Area A which covers an area of 80 by 300 metres, in the northern part of the Cumeral Property, consists of quartz veins/veinlets carrying minor malachite and azurite. The north copper vein along the contact of a mafic dyke, gave a value of 2.2 g/T gold, 493 g/T silver and 3.73 percent copper from a grab sample. Area D which covers an area of 100 by 270 metres and Area E which covers 140 by 200 metres, located in the southern part of the Cumeral , also show good potential.

In 2011/12, exploration, including geological mapping, rock chip sampling and soil geochemistry was carried out by independent geological consultant Michel Boily, PhD, P.Geo. resulting in a National Instrument 43-101 report on the Cumeral Property prepared and filed on SEDAR on August 27, 2012. Combined results from the 2010-2012 mapping/rock sampling programs show high gold values (i.e 0.5 to >10 g/t) in hematized and pyritized quartz veins/veinlets associated with mylonitized, gently eastward-dipping, low angle (20º to 40º) faults. Geological mapping in the southern segment of the Cumeral Property has defined at least ten gold-mineralized structures generally confined to areas tested by the air track drilling program of 2010.

The combined 2010 to 2012 rock assay results for 407 samples taken over an area of 3 km along strike by 1 km wide, gives 8 values from 10 to 40 g/t Au (2 %), 42 from 1 to 10 g/t (10 %), 31 from 0.5 to 1.0 g/t Au (8 %) and 64 from 0.1-0.5 g/t Au (16 %). Using these results, 36 % give gold values varying from a low of 0.1 to a high of 40 g/t with a little less than half in the lowest range. These samples are grab samples representing mineralized quartz veins, altered / mineralized units and altered units. Approximately 25 samples, mainly quartz-hematite-goethite±tourmaline veins, give Ba values > 0.1 %.

A second phase of reverse circulation (RC) drilling using an air track drill was carried out in the early summer of 2013 to test the theory that the gold bearing units dipped to the east. A total of 1,020 m in 14 holes tested five mineralized areas (Area A – one hole (14) – 100m; Area B – 3 holes (3,10,11) – 280 m; Area C – 4 holes (1,2,4,5) – 310 m; Area E – 4 holes (6-9) - 220 m; Area F – 2 holes (12,13) – 100 m) for extensions to the east, down dip, on the stratigraphy of the known mineralized structures. Samples were taken at 1 m intervals. Intersection of the water table in some of the holes made the recovery of the rock unit fragments difficult in these areas.

Results were not encouraging for a mineralized system dipping to the east along the stratigraphy and fault systems as the exploration team had hypothesized. No strong gold values over good widths such as the results from RC hole 2010-1 in Area B which gave 1.45 g/T Au and 6.74 g/T Ag over 14 m including 4 m at 4.19 g/T Au and 17.65 g/T Ag (NR Sept. 21, 2010) were intersected. Three holes gave values over 1 g/T over 1 m including RC-1 - 1.03 g/T - 52-53 m; RC-5 - 1.32 g/T - 67-68 m; and RC-12 - 1.06 g/T - 29-30 m. Three values >0.5 g/T were noted - RC-7 - 0.59 g/T - 16-17 m; RC-12 - 0.74 g/T - 10-11 m; and RC-13 - 0.54 g/T - 9-10 m; The widest section carrying anomalous gold values was located in RC-9 - 0.183 g/T / 6 m from 16-22 m. Other narrow zones in the 1-2 m range of anomalous gold values were also noted. Gold values were associated with zones carrying disseminated pyrite. No drill holes tested possible vertical or westward extensions of the zones located in the 2010 drilling and this potential will be tested in the next drill phase.

Check sampling using different methods, including a metallics screen analysis which gives total contained gold (Au-SCR21) at ALS Chemex gave similar results to the original values indicating that the values in the original sampling are most likely reflective of the actual values drilled unless there was a loss of gold/silver mineralization in the drilling, since the samples are brought to surface by entrainment in compressed air provided by the drill. No diamond drilling has been carried out and the RC drilling has been by air track type drills which may not properly test the mineralized units. A phase 3 drill program using a diamond drill, funding dependent, is planned to test the area of the known gambusino (artisinal) mining and the mineralized zones located in 2010 drilling. This program will give structural, lithological and alteration information that is difficult to derive from the RC drill holes.

A soil geochemical survey carried out to the north of the area covered by the detailed mapping and rock sampling program gave three anomalous areas with values of >50 ppb Au defined within zones characterized by a paucity of outcrops or in unmapped regions (News release June 12, 2012). The soil geochemistry, in conjunction with gold analyses from rock and soil samples taken from 2010 to 2012, gives a general NNW-SSE trend of elevated values extending for 4 km remaining open to the north and south along trend. Mapping to the west and north of the mineralized zones suggests a similar tectonic/geologic environment with the potential for gold-mineralized areas of similar quartz/pyrite/hematite veins.

2013 Due diligence – 1 selected grab sample was acquired by the QP from Area F where sampling in 2012 gave significant gold values in narrow quartz veins. The sample gave 6.37 g/T Au, 22 g/T Ag and 518 ppm Pb from a shallow dipping, 3 cm wide quartz vein, carrying euhedral pyrite, cutting sericite schists. Bright white sericite schist, assumed to be a potassic alteration of the original units, was noted in many of the areas drilled in 2013. This is considered to be evidence of strong fluid flow, required for significant gold deposition, although associated gold mineralization may be peripheral to the sericitic (potassic) alteration. Further exploration is required in these areas.

A compilation map showing the soil geochemical anomalies and gold mineralization is filed on SEDAR as part of the June 12, 2012 news release and at https://globenewswire.com/news-release/2012/06/12/1344386/0/en/VVC-Exploration-Discovers-4-km-Gold-Mineralized-Trend-on-Its-Cumeral-Property-Sonora-State-MX.html.

Based on the geological setting and known deposits in the area, it is believed that the Cumeral Property has the potential to host significant gold / silver deposits in the 500,000 to 1-million-ounce range. Subject to financing, the Company has a systematic exploration program planned which includes drilling in all prospective areas on the Cumeral Property.

La Tuna Property

In March 2010, the Company acquired a 3,533 ha gold project known as "La Tuna" located in the Municipality of Alamos, Sinaloa and Sonora States, Mexico, at the junction of the Rio Fuerte and Rio Baboyahui rivers. VVC Mexico, a subsidiary of the Company, acquired a 100% interest in the La Tuna Property in consideration of a one-time payment of US$40,000 plus applicable taxes, the issuance of 300,000 common shares of the Company and a 2% NSR Royalty on mineral production, with a buy-back option.

The La Tuna Property has gold potential in: vein type deposits such as the "Perdida" and "Plomosa" showings paleo placers (gold disseminated in bedrock), present day placers derived (eroded)from the paleo placers and possibly low sulphidation epithermal systems. The river placer deposit and the paleo-placer zones are located mainly along the Rio Baboyahui near the river junction extending to the Rio Fuerte, an area of approximately 500 by 500 meters. The paleo-placer zone carries gold associated with magnetite (from black sand) which may allow definition of the paleo-channels by magnetic surveys. Limited historical sampling in the Years from 1987-91 in a "drift" in the "paleo-placer" mineralization gave a grade of 1 to 3 g/m^3 Au in one of these paleo-channels. Historical data (non NI 43-101 compliant) from 1994 indicates that the area contains 3.7 million m^3 at 2 g/m^3, equivalent to approximately 200,000 ounces of gold. It should be noted that the "paleo placer" was sampled as a placer deposit and since it is a hard rock deposit it should be sampled by weight using channel, chip or core samples not bulk samples of cubic metres, which has little relevance in a hard rock deposit. *Given the non NI 43-101 compliant nature of the "resources" and the sampling method used, the results noted above should be treated with caution.*

The "Perdida" and "Plomosa" vein type deposits are located in the north-east part of the La Tuna Property. The structure which hosts the deposits, trends north-west and dips 25 degrees to the south-east. Historical results from 4 grab samples from "Perdida" gave values from 3.29 g/t to 16.23 g/t Au, with three of the samples grading more than 10 g/t Au. The samples were taken from the portal (12.49 g/t), from the "ore" zone in the deposit (3.29 and 16.23 g/t) and from development muck (11.24 g/t).

2018 Exploration – In January and February 2018, Jocelyn Pelletier, P.Geo. carried out a property evaluation, sampling the artisanal workings and other areas of the La Tuna Property, taking both grab and chip samples, 37 in January and 22 in February. He noted what he termed "high sulphidation, epithermal, mineralization" with intense alteration consisting of sericite and pyrite with a hematite halo.

A grab sample from the "Perdida" adit in January assayed 61.1 g/t Au, 28.6% Fe, and 0.1% Bi, and two chip samples crosscutting the mineralized sericite/pyrite zone, assayed 2.8 and 4.13 g/t Au, each over 1 m. Two grab samples from the "Plomosa" adit assayed 20.1 g/t Au, 0.1 % Cu, and 1.7% Pb, and 6.4 g/t Au, and 1.37% Pb, with two chip samples crosscutting the mineralized sericite/pyrite zone in the adit assaying 2.3 and 1.7 g/t over 1 m. These are considered to be near true widths. *(Note that grab samples are selected samples and are not necessarily representative of the mineralization in the adits and that the chip samples, while more representative, still may not reflect the actual values of the mineralized zone.)* The January samples gave values ranging from 0.01 to 61.1 g/t with 13 samples with values > 0.5 g/t and 7 > 2 g/t Au (see Table 1 on website). High gold values were noted in the sericite/pyrite mineralized zones with variable but significant, silver, lead, zinc, and copper associated with the gold mineralization as veins and veinlets. "Perdida" mineralization is related to phyllic / silicous-oxidation alteration over a 2 to 3 m wide zone, with grades from a high of 2.24 g/t Au over 2 m to a low of <0.5 g/t over 1 m. "Plomosa", high grade, gold mineralization, as disseminated galena-sphalerite-pyrite, gives chip sample values up to 32.4 g/t Au, 7.9% Pb, and 2.2% Zn over 30 cm with low values at <0.5 g/t over 20 cm. Geological mapping suggests that the gold mineralization is associated with phyllic alteration with quartz veinlets, over a 3-6 m wide zone with significant to anomalous silver, lead, zinc, and copper.

A third visit to the La Tuna Property by Jocelyn Pelletier, P.Geo. consultant, and Peter M. Dimmell, P.Geo., a director of the Company, took place in early May. The Perdida, Plomosa and the Buena Vista areas were visited over a 3-day period. Artisanal workings, consisting of pits and excavated areas along the hillside, were located and sampled mainly in the Plomosa area, with 1 pit identified in the Perdida area. Mineralization consisting of pyrite/hematite, similar to Perdida, which is located approximately 400 m to the east, and quartz veining carrying copper mineralization (chalcopyrite) were noted to the north, down hill of the Plomosa adits and float of narrow (1 cm or less), banded, probable low sulphidation, quartz veining in rhyolite ignimbrite, was noted uphill, to the south of the adits during a 2-line soil survey to the east and west of the Plomosa adits. Grab samples of the mineralization and the 21 soil samples were submitted for analysis. Highlights of the exploration program (from news release of August 20, 2018) are as follows:

1) The exploration, all in the Perdida (LPE) / Plomosa (LPL) areas, in the eastern part of the La Tuna Property, has defined four parallel to subparallel, mineralized trends, from north to south, LPE, PP1, PP2 and LPL (see Figures 1 and 2 filed on SEDAR) over 400 m along strike and 300 m across strike. LPE and LPL are defined by artisanal adits and pits while the two central ones are defined by artisanal pits and rock samples only. Based on the state of the pits and adits, which are overgrown by vegetation, including Saguaro cactus up to 50 cm across, it is estimated that the artisanal mining/exploration took place 40 to 50 years ago at least and there is no evidence of modern exploration, including drilling, in the area.

2) The gold / silver mineralization is associated with base metals and anomalous arsenic with samples with semi massive to massive pyrite / hematite giving the highest values of 61.1 g/t Au and 49.4 g/t Ag at Perdida and >25 g/t Au and 104 g/t Ag and another grading 0.42 g/t Au and 630 g/t Ag at Plomosa (see news release of February 27, 2018 for adit assay info). Pyrite/chalcopyrite in narrow (25 cm) quartz veins in the artisanal pits in the LPL area also give good Au values with a selected grab sample (JP-029) giving 3.1 g/t Au and 158 g/t Ag with 2230 ppm Cu, 9140 ppm Pb and associated As at 1710 ppm from a pit located on Line L2.

Mineralization, variable in grade from background (<10 ppb Au) to the higher grade values, is associated with potassic alteration consisting of white micas (sericite), and pervasive pyrite/hematite.

3) Soil samples were taken to the east and west of the LPL adits, from the A/B horizon, by digging with a shovel until rock was encountered at approximately 10-25 cm depth with the sample taken above the rock, either talus or outcrop. Results (see Figure 2 on the website) show anomalous areas in Au, Ag and base metals on both lines, associated, but downhill, of the artisanal pits. Values range as follows: Au - background (< 10) to 789 ppb, with 8 > 50 ppb, Ag - background (0.2) to 4.36 ppm with 7 > 2 ppm, Cu - background (< 30) to 466 ppm with 4 > 200 ppm, Pb - background (< 50) to 2910 ppm with 5 > 500 ppm and Zn - background (< 200) to 1940 ppm with 3 > 1000 ppm. Background, determined empirically for all elements, is considered to be higher than usual, possibly indicating weaker mineralization is present through the area. The soil results fit well, although somewhat downhill, of the 2 new mineralized trends and the adit trend defined in the LPL area, mainly to the north of the artisanal adits.

4) Narrow (1 cm or less) low sulphidation (LS) style banded quartz veins (L1 LS veins) were noted in rhyolite ignimbrite float cobbles on the upper part of the hill on soil line L1. No outcropping ignimbrite units were noted and no anomalous values in gold or silver were found. Geological maps for the area show rhyolite units in contact with granodiorite further up the hill. Prospecting up hill, to the south of the float location was not carried out due to lack of time and the source remains unexplained.

Plans – The La Tuna Property is 100% owned, subject to the NSR, and has good exploration potential. The Company is re-evaluating its budget commitments and will consider further exploration or other options.

Analytical Techniques – Rock and soil samples for both Cumeral and La Tuna were sent to the ALS Chemex laboratories in Chihuahua, Zacatecas or Hermosillo, Mexico. All Au analyses were by Fire Assay with a gravimetric finish. All other assays were performed by ICP-AES or AAS methods. Samples with ore grade values (>100 ppm Ag, >10,000 ppm Cu) were re-analyzed by ICP-AES or AAS. Gold values in soil samples (at least 25g) were determined by ICP-MS following digestion in Aqua Regia.

(C) Mineral Properties in Canada

Timmins Township Properties (Ontario)

In fiscal 2008, the Company staked a 9-claim unit property in Timmins Township of Ontario (the "Timmins Twp. Property"), located about 50 km to the southeast of Timmins, in the Abitibi Greenstone Belt of Northern Ontario. The Timmins Twp. Property, located in the centre of Timmins Township, is deemed to be a prime base metals exploration target as it covers a northwest trending zone of strong airborne electromagnetic responses with associated anomalous high magnetism. An exploration program comprising line cutting and detailed geophysical surveys including magnetic, VLF and HLEM electromagnetic surveys was completed with 2 drill targets identified by a consultant. The encouraging results from these surveys justified further exploration, however no further work was carried out until late 2018 when Peter Dimmell and Michel Lafrance visited the Timmins Twp. Property

The area is essentially a sand outwash plain covered by shallow humus and A/B horizon soils. Exploration consisting of prospecting and a soil geochemical survey was carried out in October. The soil geochemical survey consisted of 3 lines over the southern magnetic anomaly and associated EM and prospecting over the area of the anomalies. The soil geochemistry did not give strong anomalies over the EM/mag anomaly, however the sand cover may prevent soil geochemistry from working as it should, dependent on the depth of sand, which is unknown. One sub angular float boulder approximately 1.5 m by 1 m, carrying weak pyrite and possible chalcopyrite was noted however it gave insignificant values for Au, Ag and base metals.

The EM/Mag anomaly has not been explained or properly tested by the exploration and as far as can be determined no drilling has tested the area. Further exploration is required to test the EM / magnetic anomaly.

Due to a recent change in the Mining Act (Ontario), the claims comprising the Timmins Twp. Property were converted to 16 cells thereby increasing the size of the Timmins Twp. Property. The 16 cells are in good standing until July 3, 2020 after the filing and acceptance by the Ontario government of an assessment report on the 2018 exploration.

Analytical Techniques – The rock and soil samples, were submitted to Actlabs Laboratory in Timmins in two batches. Both the rock and soil samples were analyzed using their 1E3 package (base metals) technique for 38 elements including Cu, Pb, Zn, Ag, Ni and Co. No analysis was carried out for Au on the soils with the rock sample also analyzed for Au by fire assay.

(D) Segmented Expenditures per Property

As of January 31, 2020, the Company has spent the following on its active mineral properties:

	La Tuna	Cumeral	Timmins	Total
Opening Balance	419,726	2,879,593	458,729	3,758,048
Administration	82,680	211,047	-	293,727
January 31, 2020	502,406	3,090,640	458,729	4,051,775

SELECTED ANNUAL INFORMATION

Set forth below is a summary of the financial data derived from the Company's consolidated financial statements for the past 3 years (CA$).

	2020	2019	2018
Net loss for the year	**$ (1,839,545)**	**$ (1,899,104)**	**$ (1,493,402)**
Total assets	**6,344,334**	**5,082,796**	**4,326,935**
Mineral property expense	**293,727**	**301,930**	**68,306**
Stock-based compensation	**352,047**	**310,677**	**282,120**

SUMMARY OF QUARTERLY RESULTS

Set forth below is a summary of the financial data derived from the Company's consolidated financial statements of the 8 most recently completed quarters

	Jan 31/20 Q4 2020	Oct 31/19 Q3 2020	Jul 31/19 Q2 2020	Apr 30/19 Q1 2020	Jan 31/19 Q4 2019	Oct 31/18 Q3 2019	Jul 31/18 Q2 2019	Apr 30/18 Q1 2019
Operating costs less mineral property expenses	296,295	355,293	194,626	216,444	340,703	322,653	174,017	182,475
Interest income	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Foreign exchange	18,458	14,444	25,364	5,829	261,991	(68,560)	(24,183)	(73,607)
Other	(59,661)	20,942	31,308	29,722	(22,753)	5,445	2,938	31,976
Mineral property revenue (expenses)	(167,629)	(18,511)	(5,204)	(102,383)	(126,008)	(44,367)	(66,297)	(65,258)
Share of loss in equity investee	(265,647)	(133,916)	(138,446)	(43,557)	(282,054)	(168,505)	(109,883)	(142,031)
Net loss before taxes	(767,774)	(469,334)	(278,604)	(323,833)	(506,627)	(595,640)	(368,442)	(428,395)

RESULTS OF OPERATIONS – THREE MONTHS

The Company had operating costs less mineral property expenses ("Operation Costs") of $296,295 for Q4 2020 as compared to $340,703 in Q4 2019. The significant factors that resulted in the reduced Operation Costs of Costs of $44,408 from Q4 2019 to Q4 2020 are discussed below.

Investor relations decreased by $34,782 in Q4 2020 from $127,457 in Q4 2019 to $92,715 in Q4 2020. Investor relations in Q4 2019 related to the high ancillary costs associated with raising funds in 2019. Due to the nature of these costs, they were not capitalized to the cost of financing. These costs were necessary in providing the Company with an opportunity to reach new parties interested in acquiring shares of the Company. The Company continues to invest in these shareholder out reach programs which creates high investor relations costs. These costs will fluctuate period over period based on the timing of the investor outreach programs. The Company also continues to invest in raising awareness of its investment in SCSA. The bulk of the financial impact of the investor relations activity in 2019 was reflected in Q4 2019.

Interest and accretion decreased by $32,810 from $23,227 in Q4 2019 to ($9,583) in Q4 2020. The decrease in interest and accretion in Q4 2020 is a result of non-cash adjustments made to reflect the appropriate carrying value of convertible debentures.

While the Operation Costs for Q4 2020 were $296,295, the Company had a net loss before taxes of $767,774 compared to net loss before taxes of $506,627 in Q4 2019. The primary driver for the increased loss was the impact of non-cash foreign exchange translation adjustments on the Company. In Q4 2019, the Company recognized a non-cash foreign exchange gain of $261,891 compared to $18,458 in Q4 2020.

RESULTS OF OPERATIONS – TWELVE MONTHS (FISCAL 2020 VS FISCAL 2019

The Company had operating costs less mineral property expenses ("Operation Costs") of $1,062,658 for 2020 compared to $1,019,848 for 2019. The significant factors that resulted in the increased Operation Costs of $43,436 from the prior year are discussed below.

Non-cash stock-based compensation increased by $41,370 from $310,677 in 2019 to $352,047 in 2020. The expense is affected by the number of options that vest each period along with the input variables used during the valuation of the granted stock options.

Management and consulting fees increased by $65,037 from $199,479 in 2019 to $264,516 in 2020. The increase is primarily due to (1) the employment of a new consultant late in 2019 to assist with the forward-looking strategy of the Company and meeting its objectives of monetizing the Gloria Project (2) marginal increase of management fees in 2020 and (3) the Company engaged with a new consultant in fiscal 2020 to assist with its pilot mining initiative.

Investor relations decreased by $44,044 from $190,733 in 2019 to $146,689 in 2020. During 2019, the Company raised over $2.2 million dollars in equity financing compared to $2 million in 2020. The direct costs associated with these financings are negligible, however, there were ancillary costs that were incurred. Due to the nature of these costs, they were not capitalized to the cost of financing. These costs were necessary in providing the Company with an opportunity to reach new parties interested in acquiring shares of the Company. The Company continues to invest in these shareholder out reach programs which creates high investor relations costs. These costs will fluctuate period over period based on the timing of the investor outreach programs. The Company also continues to invest in raising awareness of its investment in SCSA.

Interest and accretion decreased by $44,581 from $120,023 in 2019 to $75,442 in 2020. The decrease in interest and accretion in 2020 is a result of non-cash adjustments made to reflect the appropriate carrying value of convertible debentures.

Professional fees increased by $40,518 in 2020 from $54,667 in 2019 to $95,185 in 2020. The increase is a result of an under-accrual of professional fees in 2019. 2020 professional fees include the under-accrual applicable to 2019.

MATERIAL EVENTS OVER THE EIGHT MOST RECENT QUARTERS

Material differences between Q3 2020 and Q4 2020 were in the following areas:

Non-cash stock-based compensation decreased by $77,218 from $159,560 in Q3 2020 to $82,342 in Q4 2020. The expense is affected by the number of options that vest each period along with the input variables used during the valuation of the granted stock options.

Mineral property expense increased by $149,118 in Q4 2020 from $18,511 in Q3 2020 to $167,629 in Q4 2020. Due to the funds raised during 2020, the Company was able to direct more of its resources to expanding its exploration activities on properties such as La Tuna and Cumeral.

Investor relations increased by $75,186 in Q4 2020 from $17,529 in Q3 2020 to $92,715 in Q4 2020. During Q3 2020 and Q4 2020, the Company raised over $2 million dollars in equity financing. The direct costs associated with raising capital in 2020 are negligible, however, there were ancillary costs that were incurred. Due to the nature of these costs, they were not capitalized to the cost of financing. These costs were necessary in providing the Company with an opportunity to reach new parties interested in acquiring shares of the Company.

Share of loss of equity accounted investee increased by $131,731 in Q4 2020 from $133,916 in Q3 2020 to $265,647 in Q4 2020. The Company directed most of its financial resources and focus in Q4 2020 to the Gloria Project after it received Board approval to proceed with a pilot mine on the property.

Material differences between Q2 2020 and Q3 2020 were in the following areas:

Non-cash stock-based compensation increased by $122,506 from $37,054 in Q2 2020 to $159,560 in Q3 2020. The expense is affected by the number of options that vest each period along with the input variables used during the valuation of the granted stock options.

Material differences between Q1 2020 and Q2 2020 were in the following areas:

Non-cash stock-based compensation decreased by $36,037 from $73,091 in Q1 2020 to $37,054 in Q2 2020. The expense is affected by the number of options that vest each period along with the input variables used during the valuation of the granted stock options.

Mineral property expense decreased by $97,179 in Q2 2020 from $102,383 in Q1 2020 to $5,204. The Company directed most of its financial resources and focus in Q2 2020 to the Gloria Project after it received positive news that all permits had been received. The Company started the process of initiating pilot mining on the property. This new effort on the Gloria Project resulted in reduced expenditure on the Company's other mineral properties in Q2 2020.

Professional fees increased by $20,250 from $3,000 Q1 2020 to $23,250 in Q2 2020. The increased professional fees in 2020 is a consequence of the timing of audit and other accounting related fees either billed or paid by the Company. Similar fees were recorded in a later quarter in 2019.

Share of loss of equity accounted investee increased by $94,889 in Q2 2020 from $43,557 in Q1 2020 to $138,446 in Q2 2020. The Company directed most of its financial resources and focus in Q2 2020 to the Gloria Project after it received positive news that all permits had been received. The Company started the process of initiating pilot mining on the property.

Material differences between Q4 2019 and Q1 2020 were in the following areas:

Investor relations decreased by $108,250 in Q1 2020 from $127,457 in Q4 2019 to $19,207 in Q1 2020. During the 2019, the Company raised over $2.2 million dollars in equity financing. The Company only had $60,000 in direct costs associated with this equity raise, however, ancillary costs were incurred and due to the nature of these costs, they were not capitalized to the cost of financing as they were sunk costs. These costs were necessary in providing the Company with an opportunity to reach new parties interested in acquiring shares of the Company. The Company also continues in invest in raising awareness of its investment in SCSA. The bulk of the financial impact of the investor relations activity was reflected in Q4 2019.

Professional fees decreased by $42,000 in Q1 2020 from $45,000 in Q4 2019 to $3,000 in Q1 2020. The decrease was a result of professional fee accruals primarily related to the 2019 year-end audit which was accrued in Q4 2019.

The Company had a share of loss of equity accounted investee of $282,0554 in Q4 2019 compared to $43,557 in Q1 2020. The loss in Q4 2019 was a result of the ramped efforts of the Company in monetizing the Gloria Project through additional drilling campaigns and geological testing. Due to the capital raise that took place in fiscal 2019, the Company was able to dedicate more financial resources the exploration activity in that fiscal period.

Material differences between Q3 2019 and Q4 2019 were in the following areas:

Investor relations increased by $98,669 in Q4 2019 from $28,788 in Q3 2019 to $127,457 in Q4 2019. During the 2019, the Company raised over $2.2 million dollars in equity financing. The Company only had $60,000 in direct costs associated with this equity raise. However, there were ancillary costs that were incurred. Due to the nature of these costs, they were not capitalized to the cost of financing. These costs were necessary in providing the Company with an opportunity to reach new parties interested in acquiring shares of the Company. The Company also continues in invest in raising awareness of its investment in SCSA. The bulk of the financial impact of the investor relations activity was reflected in Q4 2019.

Professional fees increased by $40,683 in Q4 2019 from $4,317 in Q3 2019 to $45,000 in Q4 2019. The increase was a result of professional fee accruals primarily related to the 2019 year-end audit.

Mineral property expense increased by $81,641 from 44,367 in Q3 2019 to $126,008 in Q4 2019. Due to the funds raised during 2019, the Company was able to direct more of its resources to expanding its exploration activities on properties such as La Tuna and Timmins.

The Company had a share of loss of equity accounted investee of $282,0554 in Q4 2019 compared to $168,505 in Q3 2018. The increased loss is a result of the ramped efforts of the Company in monetizing the Gloria Project through additional drilling campaigns and geological testing.

Material differences between Q2 2019 and Q3 2019 were in the following areas:

Non-cash stock-based compensation increased by $92,528 from Q2 2019 to Q3 2019. The expense is affected by the number of options that vest each period along with the input variables used during the valuation of the granted stock options. The Company granted 14,600,000 stock options during Q3 2019 which had a material impact on the non-cash expense during the quarter.

Bank charges increased by $25,218 in Q3 2019 from $8,558 in Q2 2019 to $33,776 in Q3 2019. Cost of banking has increased due to the recent increased activity in transferring funds, settling liabilities and increased operations in Mexico to monetize the Gloria Project.

The Company has made a concerted effort to raise investor awareness of its activities in Mexico and the potential to monetize the Gloria Project by raising capital and expanding investor relations efforts crucial to raising this capital. As a result, investor relations increased by $10,565 in Q3 2019 from $18,223 in Q2 2019 to $28,788 in Q3 2019.

Material differences between Q1 2019 and Q2 2019 were in the following areas:

Share of loss from equity accounted investee decreased by $32,148 from $142,031 in Q1 2019 to $109,883 to Q2 2019. The increased loss is a result of the increased exploration activity on the Gloria Project.

DISCUSSION OF OPERATIONS

Prior to October 19, 2013, the Company had one major property, Cumeral, where it was focusing significant financial and operational resources. The Cumeral Property, a 665-ha gold mining project, located in the State of Sonora, Mexico, has good potential for significant gold/silver mineralization. Work on this project is on hold pending the proposed Pilot Mine / Processing on the Gloria Project and will continue as funding becomes available.

During 2013, the Company completed a major transaction in acquiring Camex and thereby acquired a 33.75% interest in SCSA which owns the Kaity Property. Exploration Drilling was carried in 2017-18 to define specific areas with the best potential for a proposed pilot mining program, with the Gloria Zones identified as the prime target area. Following receipt of the necessary permits and the assessment of the Gloria Zones for a proposed Pilot Mine, a decision was made to proceed with the Gloria Pilot Mining Project (the "Gloria Project"). Copper mineralization, remaining from gambusino (artisanal) type exploitation by hand cobbing of the ore, remains on site for delivery to the first heap leach pad planned for 2020, in order to test and fine tune the heap leach system.

Firex, a Mexican company, specializing in construction and operation of open pit mining projects, signed a contract with SCSA in May 8, 2012 to manage the mining process and provide up to $7 million in start-up loans however it is doubtful that Firex will be able fulfill its contracted obligation due to legal issues, related to an internal dispute, in Mexico. The Company is in discussions with Firex to acquire their interest and is also looking at alternate funding.

The Gloria Project is hoped to be revenue producing in fiscal 2021 with the start of Pilot Mining and Processing. Pursuant to a Loan Agreement dated September 7, 2011 and amended on January 26, 2012, Camex is committed to paying the cost of obtaining all necessary permits up an aggregate of $2 million. This amount will represent a loan to SCSA, which will be repaid once the property becomes a revenue producer. As at January 31, 2020, VVC had advanced $5,825,232 to SCSA and had accrued interest of $92,000.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2020, the Company had a working capital deficit of $1,548,946 compared to a working capital deficit of $918,625 at January 31, 2019. The 2020 working capital deficit includes $843,325 of subscription deposits. These deposits were reclassified to equity subsequent to the year end as they related to funds received in advanced of the closing of a non-brokered private placement. The first tranche of the private placement was closed on March 23, 2020. The Company continues to experience losses. The Company will need to seek financing as it does not have sufficient capital to cover its operating expenses and meet its commitment to help fund the Gloria Project in Mexico.

The Company does not have sufficient cash reserves or cash flow to settle its accounts payables of $591,318 (2019 - $775,330).

At January 31, 2020, the Company had current assets of $206,840 (January 31, 2019 - $179,659) compared to current liabilities of $1,755,786 (January 31, 2019 - $1,098,284). The working capital is not sufficient to cover the Company’s operating expenses and commitments relating to SCSA. To obtain financing, the Company may need to issue common shares, debenture units or obtain funding through additional promissory notes.

Due to the exploration stage of the Company, it has not generated any revenues or profits. The Company’s funding has historically come either through the sale of shares, exercise of options and or warrants or the borrowing of funds from third parties. As a result of the recent low trading range of the Company’s shares, it is unlikely that it will be able to obtain funding through the exercise of any of its 95,838,140 warrants or 45,850,000 stock options currently outstanding. The lack of revenue and income also make it challenging to borrow funds at reasonable interest rates. The Company is therefore left with the most likely source of funding to be the sale of treasury stock through private placement offerings.

To assist with financing its operations and covering a portion of its obligations, the Company did the following:

(a) Raised equity capital. In fiscal 2019, the Company completed a non-brokered private placement of 44,250,200 units of the Company at a price of $0.05 per unit for gross proceeds of $2,212,511. Each unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.06 per share for three years.

On October 25, 2019, the Company completed a non-brokered private placement of 39,652,250 units of the Company at a price of $0.05 per unit for gross proceeds of $1,982,613. Each unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.06 per share for three years.

On October 31, 2019, the Company settled $181,260 in accounts payable to management and other creditors by issuing 3,625,200 common shares and 2,238,000 warrants of the Company. Each warrant entitles the holder to purchase one additional common share at a price of $0.06 per share for three years from the date of issue.

On October 31, 2019, the Company settled $19,650 in note payable by issuing 393,000 common shares and 393,000 warrants of the Company to the note holder. Each warrant entitles the holder to purchase one additional common share at a price of $0.06 per share for three years from the date of issue.

On March 23, 2020, the Company closed the first tranche of a previously announced non-brokered Private Placement financing. In this first tranche, the Company raised $951,560 and issued to the placees an aggregate of 19,031,200 Units at a price of $0.05 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrant, each full warrant entitling the holder to purchase one additional share of the Company at an exercise price of CA$0.06 per share for a period of three years from the date of closing.

Subsequent to closing the financing on March 23, 2020, the Company received $228,460 for Units to be issued. These Units will be issued as part of a second tranche closing of a previously announced non-brokered private placement financing of Units at a price $0.05 per Unit. Each Unit will consist of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder to purchase common shares at a price of $0.06 for a period of three years from the date of closing the financing.

(b) Raised debt capital. Details of notes payable, carried at amortized cost are as follows:

	January 31, 2020	January 31, 2019
Convertible Debenture (US$274,696 and US $150,000) (iii)/(iv)/(v)	**$ 522,927**	$ 391,934
Demand loan – Palos merchant Bank LP (CA $150,000) (i)	**-**	150,000
Demand loan – Aeris Trading Corp. (US $15,000) (ii)	**-**	19,500
	522,927	561,434
Less current portion	**190,000**	169,500
	$ 332,927	$ 391,934

(i) Palos Loan

On June 12, 2012, Camex entered into a Credit Agreement with Palos Merchant Bank LP for a short-term loan of $150,000, secured by a promissory note bearing interest at 12% per annum, compounded monthly. The principal balance of the loan and accrued interest were due on June 11, 2013. No repayment was made on the principal and accrued interest by Camex and the loan became due on demand with interest accruing on the same basis as on the term of the loan. This short-term loan was acquired by the Company when it acquired Camex in 2012.

On November 17, 2016, Palos agreed to forgive $26,653 of interest on the debt and to convert the remaining $75,000 of accrued interest on the loan into a convertible debenture.

The $150,000 loan and accrued interest of $42,500 were settled in cash on May 1, 2019.

(ii) Aeris Loan

On August 29, 2014, the Company's subsidiary, Camex, signed a loan facility agreement with Aeris Trading Corp. (the “Lender”) for a loan of up to US$4 million. Interest on the loan was set at 12% per annum. To induce the Lender, the Company had pledged to the Lender, on a proportional basis, 22,500 shares of Samalayuca (the "SC Shares") representing half of its 33.75% interest.

On October 31, 2019, the Company settled the outstanding loan of US$15,000 (CA$19,650) plus accrued interest of US$10,995 (CA$14,400) which was included in accounts payable and accrued liabilities, by issuing 681,000 shares and 681,000 warrants to Aeris Trading Corp (note 11(iii)(iv)).

(iii) Debenture 2

On November 30, 2016, the Company raised US$885,000 (CA$1,168,200) from the issuance of convertible debentures. The debentures mature 5 years from the date of issue and bear interest at 12% per year. The debentures are convertible into shares at a price of CA$0.05 per share any time after six months from issuance until November 30, 2017 and thereafter at CA$0.10 per share until maturity ($710,000 of the convertible debentures was converted into common shares of the Company on November 30, 2017). Additionally, the Company issued 17,700,000 warrants to the debenture subscribers. The warrants entitle the holder to purchase one common share of the Company at a price of CA$0.05 per share at any time from issuance until November 30, 2017 and thereafter at CA$0.10 per share until November 30, 2021 when the warrants expire.

(iv) Debenture 1 Renewed

On December 4, 2016, US$75,000 of convertible debentures issued on June 4, 2015 matured. On March 15, 2017, the Company issued convertible debentures for US$103,241 (CA$140,758) maturing five years after the date of issue and bearing interest at 12% per annum, compounded quarterly and payable at maturity. The debentures are convertible into common shares of the Company at a price of CA$0.05 per unit in the first year and thereafter at CA$0.10 per unit until maturity. The Company also issued 2,064,820 detachable warrants with each warrant exercisable at CA$0.05 per share for 5 years.

Because the debentures are denominated in US dollars and the conversion price is denominated in Canadian dollars, the amount of equity instruments that would be issued upon exercise of the debentures will vary based on fluctuations in the exchange rate between US and Canadian dollars. As a result, the conversion feature is recognized separately as a derivative financial liability and is periodically remeasured.

(v) Debenture 3

On December 20, 2017 the Company issued 1.5 debenture units totaling US$150,000 (CA$191,250). Each convertible debenture unit comprises one US$100,000 convertible debenture, maturing in 36 months from closing, bearing interest at 8% per annum, payable at maturity and 500,000 detachable common share purchase warrants for a total of 750,000 warrants.

The debentures will be convertible into common shares of the Company at any time after the first six months from closing at a price of US$0.04 (CAD$0.05) per share until the first anniversary and at a price of US$0.08 (CAD$0.10) per share thereafter until maturity.

The amount of cash proceeds received or equity instruments that would be issued upon exercise of these debentures will vary based on fluctuations in the exchange rate between US and Canadian dollars. As a result, the conversion feature is recognized separately as a derivative financial liability and is periodically remeasured.

Each warrant will be exercisable into one common share of the Company at an exercise price of $0.11 per share for a period of 3 years from closing.

As at January 31, 2019, $177,696 of accrued interest expense was recognized on all debt obligations and was included in accounts payable and accrued liabilities (note 8). On October 31, 2019, the Company settled $95,410 of accrued interest by issuing 1,908,200 units to the holders of the Company's notes (note 11). As at January 31, 2020, accrued interest is included in notes payable.

SUBSEQUENT EVENTS

On March 23, 2020, the Company closed the first tranche of a previously announced non-brokered Private Placement financing. In this first tranche, the Company raised $951,560 and issued to the placees an aggregate of 19,031,200 Units at a price of $0.05 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrant, each full warrant entitling the holder to purchase one additional share of the Company at an exercise price of CA$0.06 per share for a period of three years from the date of closing.

Subsequent to closing the financing on March 23, 2020, the Company received $228,460 for Units to be issued. These Units will be issued as part of a second tranche closing of a previously announced non-brokered private placement financing of Units at a price $0.05 per Unit. Each Unit will consist of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder to purchase common shares at a price of $0.06 for a period of three years from the date of closing the financing.

GOING CONCERN

The ability of the Company to continue as a going concern is dependent on the successful completion of the actions taken or planned. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As at January 31, 2020, the Company has accumulated losses of $39,203,100 and working capital deficit of $1,548,946.

These circumstances create material uncertainty that indicates significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

OFF-STATEMENTS OF FINANCIAL POSITION ARRANGEMENTS

There are no off-statement of financial position arrangements.

OTHER SIGNIFICANT EVENTS

Except for (i) the filing on SEDAR of a N.I. 43-101 Technical Report on the Kaity Property by Jacques Marchand P. Eng. Geology, dated April 21, 2019, and (ii) the decision to start a Pilot Mine on the Gloria Zones, there are no other Significant Events to report. For more details on this report please refer to the Section "*2019 Resource Estimate*" on page 3 and the Section entitled "*Pilot Mining Decision*" on page 4.

RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

January 31,		**2020**		2019
Compensation	**$**	**186,980**	$	110,428
Share-based payments [(1)]		**83,297**		77,410
Total	**$**	**270,277**	$	187,838

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the period.

Included in accounts payable and accrued liabilities is $23,740 (January 31, 2019 - $87,032) payable to key management personnel.

In order to maintain cash flow, management does not receive substantial compensation. Management has taken occasional reductions in compensation and where possible, will participate in converting the accrued compensation either into equity or debt securities.

Directors are also focused on ensuring that sufficient cash is available to manage the projects. They are not paid for their services.

OUTSTANDING SHARE DATA

a) Outstanding Common Shares

	Number of shares
Balance, January 31, 2020	353,922,311
Balance, May 31, 2020	372,953,511

b) Warrants and Stock Options

There were 95,838,295 and 105,353,895 warrants outstanding and exercisable at various prices ranging from $0.05 to $0.18 at January 31, 2020 and May 31, 2020 respectively.

There were 45,850,000 options outstanding at a weighted average price of $0.06 as at January 31, 2020 and May 31, 2020 respectively.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are as follows:

	2020	2019
Fair value through profit or loss (FVTPL):		
Conversion feature on convertible debt	**$ 131,1433**	$ 153,454
Loans and receivable, measured at amortized cost:		
Cash	**$ 171,347**	$ 116,619
Note receivable	**$ 5,917,232**	$ 4,154,190
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$ 591,318**	$ 775,330
Notes payable	**$ 522,927**	$ 561,434
Subscription deposits	**$ 843,325**	$ -

Interest Rate and Credit Risk

It is management's opinion that the Company is not exposed to significant interest rate or credit risks arising from its financial instruments given their short-term nature except in relation to the Company's investment in, and note receivable from, its associate, SCSA.

As at January 31, 2020, the Company holds a 33.75% interest in SCSA and a note receivable from SCSA for a combined value of $5,917,232 (2019 - $4,649,531). One of the key assumptions made in the preparation of these consolidated financial statements is that the Gloria Project will successfully generate cash flows and the Company will recover these amounts.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to the variability of copper prices.

Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Liquidity Risk

The Company has no income and relies on equity financing to support its exploration programs. Management prepares budgets and ensures funds are available prior to commencement of any such program. As at January 31, 2020, the Company does not have sufficient capital to fund its operations over the next twelve months. As at January 31, 2020, the Company had a cash balance of $171,347 (2019 - $116,619) to settle current liabilities of $1,755,786 (2019 - $1,098,284).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

Currency Risk

The Company does engage in significant transactions and activities in currencies other than its reported currency. The Company's exploration activities are primarily in Mexico; accordingly, the resulting assets and liabilities are exposed to foreign exchange fluctuations.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts payable and accrued liabilities and convertible debentures that are denominated in US Dollars and Mexican Pesos. Sensitivity of closing balances to a plus or minus 10% change in foreign exchange rates, with all other variables held constant, would affect net loss by approximately $534,000 (2019 - $340,000).

BUSINESS RISKS

The Company’s business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative.

The recoverability of amounts shown as mining interests and equipment, are dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying assets, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

There can be no assurance that any funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects, or that they can be secured on competitive terms.

INVESTMENT IN SCSA

The Company has invested majority of its cash inflows in SCSA. Most of its current focus is directed to this single project. To-date, this investment has not produced any returns and it is uncertain when SCSA will generate cash flows so that the Company may recover its investment. We cannot assure you that we will be able to extract copper from the identifiable reserves at rates that are commercially feasible to the Company. Further, the price of copper is dictated by factors beyond the control of the Company, such prices will determine ultimate viability of the Company's investment in SCSA.

THE COVID-19 OUTBREAK COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

The global outbreak of Covid-19 has resulted in Canada, Mexico and most countries in the world halting or sharply curtailing the movement of people, goods and services. This has negatively affected many businesses, including those operating in our sector, with the long-term economic impact remaining uncertain. We believe it could have a material adverse impact on our business. Given the rapidly changing developments we cannot accurately predict what effects these developments, such as the geographic spread of the virus, governmental limitations, the duration of the outbreak, travel restrictions, and business closures, amongst other factors, will have on our business. Given these conditions, the Company may experience these factors in the future and these factors may have a material adverse effect on the Company's business, operating results and financial condition.

OUTLOOK

The Company's primary focus is on preparation for Pilot Mining and Processing on the Gloria Project on the Kaity Property in Chihuahua State, Mexico ("Gloria Project") and its wholly owned properties, Cumeral in Sonora State and La Tuna in Sinaloa / Sonora states. Work on these properties is dependent upon the Company raising significant funding through private placements now ongoing. If exploration funding cannot be accessed, these projects are good joint venture opportunities for companies looking to acquire projects in Mexico and more particularly in Sonora and Chihuahua states where exploration is increasing and opportunities for good projects are limited.

VVC Exploration Corporation
2369 Kingston Road, P.O. Box 28059 Terry Town
Scarborough, Ontario M1N 4E7
Tel: 416-619-5304   http://www.vvcexpl.com