MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and six months ended March 31, 2020

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Esrey Resources Ltd. ("Esrey" or the "Company") as at and for the six months ended March 31, 2020 and 2019.

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto as at and for the six months ended March 31, 2020 and the audited consolidated financial statements for the year ended September 30, 2019. These unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, as issued by the International Accounting Standards Board("IASB").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Note that additional information relating to the Company is available on SEDAR at www.sedar.com.

The effective date of this MD&A is October 9, 2020.

Contents of the MD&A

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1. Financial highlights for the three and six months ended March 31, 2020

- During the three months ended March 31, 2020, Esrey recorded a net loss attributable to equity shareholders of the Company of $55,928 ($0.00 per share), compared to a net loss attributable to equity shareholders of the Company of $950,218 ($0.01 per share) for the same period last year.

- During the six months ended March 31, 2020, the Company did not engage in any active operations and incurred expenses that were mainly general and administrative in nature. Activities at the Company's pilot metal recovery plant in Macedonia were put on hold during the quarter ended September 30, 2019, and consequently the Company spent $nil at its pilot metal recovery plant during the six months ended March 31, 2020, compared to $367,769 for the same period last year.

- At March 31, 2020, the Company had cash and cash equivalents of $243,174 compared to $228,195 at September 30, 2019. At March 31, 2020, the Company had a working capital deficit of $1,750,095 (September 30, 2019 – working capital deficit of $1,603,154).

- The Company will require funding to eliminate this working capital deficit. The Company has no ability to raise financing until its financial disclosures are up to date with the TSX Venture Exchange and other regulatory authorities in Canada. The Company is currently the subject of cease trade orders due to not having completed the audit and filing of its consolidated financial statements and MD&A for the year ended September 30, 2019, and consequently the filing of its interim consolidated financial statements and MD&A for the six months ended March 31, 2020, for the six months ended March 31, 2020 and for the nine months ended June 30, 2020 by the required regulatory filing deadlines. The Company will actively seek to raise financing once the cease trade orders are revoked. There can be no assurance that short-term funding will be available to the Company when needed or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may not be able to continue as a going concern.

2. Overview and operational update

During the years ended September 30, 2018 and 2019, the Company had a pilot metal recovery plant and laboratory in Macedonia which focused on developing and refining a hydrometallurgical process to efficiently extract zinc and other metals from feed waste material on an economically viable scale. Around July 2019, the Company put its pilot plant activities on hold as a result of a lack of financing. At the time of ceasing its activities, the hydro-metallurgical process was in its final stages of development. It is expected that successful piloting of the process could, subject to the Company's ability to raise financing, lead to the construction of a full-scale commercial facility to process zinc bearing waste materials, or lead to the application of the process in active mining operations. It is anticipated that the process may be capable of producing London Metal Exchange special high-grade zinc, lead and other recovered metals and contribute to the cleanup of metallurgical wastes. The Company expects that the hydrometallurgical process can also be applied in active mining operations and is currently looking for new mineral resources projects where this process can be used.

As a result of the pilot plant activities being put on hold, the Company wrote off the remaining undepreciated value of its pilot plant and equipment during the three months ended September 30, 2019.

3. Results of operations

The review of the results of operations should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the six months ended March 31, 2020. The table below sets forth selected results of operations for the Company for the three and six months ended March 31, 2020 and 2019:

	Three months ended March 31, 2020 (unaudited)	Three months ended March 31, 2019 (unaudited)	Six months ended March 31, 2020 (unaudited)	Six months ended March 31, 2019 (unaudited)
Expenses				
Project development costs	**$ -**	$ 448,065	**$ -**	$ 815,834
Depreciation	**-**	152,478	**-**	304,085
General and administrative expenses	**15,005**	95,554	**27,533**	149,680
Occupancy expenses	**15,265**	-	**30,531**	-
Amortization of right-of-use asset	**18,037**	-	**36,073**	-
Salaries and management fees	**4,000**	213,122	**8,000**	433,183
Legal, audit and accounting fees	**-**	46,330	**6,093**	78,622
Interest expense on lease liabilities	**8,083**	-	**16,598**	-
Share-based payments	**-**	784	**-**	2,945
	(60,390)	(956,333)	**(124,828)**	(1,784,349)
Other income (expense)				
Interest income	**-**	-	**-**	1,878
Other income	**8,988**	618	**14,710**	7,960
Loss from investment in joint ventures	**-**	4,336	**-**	(397)
Foreign exchange gain (loss)	**(4,526)**	(2,098)	**(187)**	(28,931)
Net loss	**$ (55,928)**	$ (953,477)	**$ (110,305)**	$ (1,803,839)
Attributable to:				
Non-controlling interest	**-**	(3,259)	**-**	(221)
Equity shareholders of the Company	**(55,928)**	(950,218)	**(110,305)**	(1,803,618)
	$ (55,928)	$ (953,477)	**$ (110,305)**	$ (1,803,839)
Basic and diluted loss per share	**$ (0.00)**	$ (0.01)	$ (0.00)	$ (0.02)

Consolidated statements of financial position		**March 31, 2020**		September 30, 2019
Total assets	**$**	**801,855**	$	600,220
Total liabilities	**$**	**2,378,071**	$	2,065,674

3.1 Results of operations for the three and six months ended March 31, 2020 and 2019

Three and six months ended March 31, 2020 and 2019

During the six months ended March 31, 2020 ("6M-2020"), the Company reported a net loss attributable to equity shareholders of the Company of $110,305 compared to a net loss of $1,803,618 for the six months ended March 31, 2019 ("6M-2019"). The Company's net loss decreased by $1,693,313 between 6M-2020 and 6M-2019 primarily due to the following:

- Project development costs were $nil in 6M-2020 compared to $815,834 in 6M-2019 as described in Section 2 above;
- Depreciation was $nil in 6M-2020 compared to $304,085 in 6M-2019;
- As the Company was taking cash preservation measures, the Company's management did not charge management fees in 6M-2020, hence only $8,000 in salaries and management fees (representing accrued directors' fees and consulting fees) were recorded in 6M-2020 compared to $433,183 in 6M-2019;
- General and administrative expenses in 6M-2020 decreased to $27,533 compared to $149,680 in 6M-2019 due to cash preservation measures. Similarly, legal, audit and accounting fees decreased to $6,093 in 6M-2020 compared to $78,622 in 6M-2019; and
- Effective October 1, 2019, the Company adopted IFRS 16, a new accounting standard which applies to the Company's office lease for its headquarters in Vancouver, BC. As a result, the Company recorded a right-of-use asset of $252,511 and a total lease liability of $282,295 as at March 31, 2020. The Company also recognized occupancy expenses, amortization of right-of-use asset and interest expense on lease liabilities in 6M-2020.

In the three months ended March 31, 2020 ("Q2-2020"), the Company reported a net loss attributable to equity shareholders of the Company of $55,928 compared to a net loss of $950,218 for the three months ended March 31, 2019 ("Q2-2019"). The Company's net loss decreased by $894,290 between Q2-2020 and Q2-2019 primarily due to the following:

- Project development costs were $nil in Q2-2020 compared to $448,065 in Q2-2019 as described in Section 2 above;
- Depreciation was $nil in Q2-2020 compared to $152,478 in Q2-2019;
- As the Company was taking cash preservation measures, the Company's management did not charge management fees in Q2-2020, hence only $4,000 in salaries and management fees (representing consulting fees) were recorded in Q2-2020 compared to $213,122 in Q2-2019; and
- General and administrative expenses in Q2-2020 decreased to $15,005 compared to $95,554 in Q2-2019 due to cash preservation measures. Similarly, legal, audit and accounting fees decreased to $nil in Q2-2020 compared to $46,330 in Q2-2019.

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4. Selected annual and quarterly information

Selected annual information

The table below summarizes the Company's three most recently completed years (in Canadian dollars, except for per share amounts):

	Years ended September 30,		
	2019	2018	2017
Project development costs	$ (1,153,231)	$ (2,943,845)	$ -
Property investigation costs	-	(540,425)	-
Write-down of stockpile material rights	-	(4,969,701)	-
Write-down of pilot plant and equipment	(1,834,250)	(453,151)	(18,456)
Other expenses	(1,712,293)	(2,556,353)	(1,204,673)
Loss from continuing operations	(4,756,110)	(11,395,972)	(1,342,905)
Income (loss) from discontinued operations	-	7,945,220	(2,889,392)
Net loss	(4,756,110)	(3,450,752)	(4,232,297)
Basic and diluted loss per share attributable to equity shareholders of the Company	$ (0.05)	$ (0.04)	$ (0.09)
Basic and diluted loss per share attributable to equity shareholders of the Company - continuing operations	$ (0.05)	$ (0.12)	$ (0.03)
Total assets	$ 600,220	$ 4,138,189	$ 12,845,169
Non-current financial liabilities	$ -	$ -	$ -

Selected quarterly information (unaudited)

The table below summarizes the Company's eight most recently completed quarters (in thousands of Canadian dollars, except for share and per share amounts, or as noted).

	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
Project development costs	$ -	$ -	$ (152)	$ (185)	$ (448)	$ (368)	$ (369)	$ (718)
Property investigation costs	-	-	-	-	-	-	(435)	(29)
Write-down of stockpile material rights	-	-	-	-	-	-	(4,970)	-
Write-down of equipment	-	-	(1,834)	-	-	-	(453)	
Loss from continuing operations	(56)	(54)	(2,273)	(677)	(953)	(850)	(6,669)	(1,322)
Income from discontinued operations	-	-	-	-	-	-	7,945	-
Net (loss) income	(56)	(54)	(2,273)	(677)	(953)	(850)	1,276	(1,322)
Basic and diluted (loss) income per share attributable to equity shareholders of the Company	$ (0.00)	$ (0.00)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ 0.01	$ (0.01)
Basic and diluted loss per share attributable to equity shareholders of the Company - continuing operations	$ (0.00)	$ (0.00)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.07)	$ (0.01)
Weighted average number of shares (millions)	101	101	101	101	101	101	101	101

5. Liquidity, going concern and capital resources

5.1 Liquidity and going concern

As at March 31, 2020, the Company had cash and cash equivalents of $243,174 (September 30, 2019 - $228,195) and working capital deficit of $1,750,095 (September 30, 2019 – working capital deficit of $1,603,154). Cash and cash equivalents increased by $14,979 during the six months ended March 31, 2020 primarily due to fluctuations in the foreign exchange rates.

In the short term, the Company will require funding to eliminate this working capital deficit. The Company has no ability to raise financing until its financial disclosures are up to date with the TSX Venture Exchange and other regulatory authorities in Canada. The Company is currently the subject of cease trade orders due to not having completed the audit and filing of its consolidated financial statements and MD&A for the year ended September 30, 2019, and consequently the filing of its interim consolidated financial statements and MD&A for the three months ended December 31, 2019, for the six months ended March 31, 2020 and for the nine months ended June 30, 2020 by the required regulatory filing deadlines. The Company will actively seek to raise financing once the cease trade orders are revoked. There can be no assurance that short-term funding will be available to the Company when needed or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may not be able to continue as a going concern.

In the long term, the Company will require significant funding to seek new business opportunities in the mineral resource sector. There can be no assurance that funding will be available to the Company when needed or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may not be able to acquire new projects. Even if adequate funds are available, there is no guarantee that any new projects acquired would be successfully developed to a stage where they could generate future cash flows. As a result, material uncertainties exist that may cast significant doubt with respect to the Company's ability to continue as a going concern.

In addition, the Company has commitments and contingencies which could have a future effect on its liquidity. Effective October 1, 2018, the Company has a five-year lease commitment for its Canadian head office premises (see Sections 9.1(i) and 10.4 of this MD&A and Note 15 of the condensed consolidated interim financial statements for the six months ended March 31, 2020). The Company also has number of outstanding legal matters in Macedonia as disclosed in Note 16 of the condensed consolidated interim financial statements for the six months ended March 31, 2020.

5.2 Share Capital

There were no share capital transactions during the six months ended March 31, 2020.

As at March 31, 2020, the Company had 100,175,306 shares issued and outstanding and a total of 3,172,000 options outstanding pursuant to its stock option plan, which represent approximately 3% of the issued and outstanding common shares of the Company. As at March 31, 2020, the following options were outstanding and exercisable:

	March 31, 2020		September 30, 2019	
	Number of Options	**Average Exercise Price**	Number of Options	Average Exercise Price
Balance, beginning of the period	3,172,000	$0.12	5,043,500	$0.12
Forfeited	-	-	(1,232,000)	$0.13
Expired	-	-	(639,500)	$0.12
Balance, end of the period	**3,172,000**	**$0.12**	3,172,000	$0.13

As at March 31, 2020 and as at September 30, 2019, the Company had the following warrants outstanding and exercisable:

Warrants outstanding and exercisable	**Exercise price**	**Expiry date**
12,725,000	$0.40	March 29, 2023
7,428,100	$0.40	April 10, 2023
20,153,100	$0.40	

6. Risk factors

An investment in the shares of the Company should be considered speculative due to the nature of the business of the Company, and involves significant risks which should be carefully considered by prospective investors. In addition to the other information set forth elsewhere in this MD&A, the following risk factors should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business, more particularly its zinc projects. Any of the following risks could have a materially adverse effect upon the Company, its business and future prospects. In addition, other risks and uncertainties not presently known by management of the Company could impair the Company's business in the future.

6.1 General

The Company's projects involve a degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company is subject to a variety of risks, many of which are outside the Company's control. Management has identified certain key risks, discussed below, along with their potential impact on the Company's operations. There is no assurance that the Company will achieve commercial production on its zinc projects or that its hydro-metallurgical process will prove to be successful.

6.2 Foreign operations

The Company's its zinc projects have taken place principally in Macedonia. As such, the Company's operations are subject to a number of risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability, changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, and export licensing and export duties. The Company endeavours to operate in such a manner in order to minimize and mitigate its exposure to these risks. However, there can be no assurance that the Company will be successful in protecting itself from the impact of all of these risks.

6.3 Political risks

The Company's pilot metal recovery plant is located in Macedonia where it conducted its principal activities in 2018 and 2019. Operations in Macedonia and other jurisdictions where the Company may conduct future activities are subject to risks due to the potential for social, political, economic, legal and fiscal instability. Most governments face ongoing issues such as inflation, unemployment, inequitable income distributions and other potential factors of instability which may impact the Company's operations on its properties as future political actions, which may adversely affect the Company, cannot be predicted. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, obtaining and maintenance of licenses, environmental legislation, land use, land claims of local people, and water use. Changes, if any, in foreign investment policies or shifts in political attitudes may adversely affect the Company's operations or profitability.

Failure to comply strictly with applicable laws, regulations and local practices relating to the Company's zinc assets could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated results of operations and financial condition.

6.4 Fluctuations in the prices of zinc and other metals

The prices of zinc and other metals have fluctuated widely during recent years and are determined by various factors outside the Company's control, including supply and demand, general economic conditions, inflation, political instability, government regulation and taxes, and changes in global production of such metals. Such fluctuations will have a positive or negative effect on any revenue that the Company may receive in the future. If zinc and other metal prices become depressed or decline, the Company's potential revenue and earnings and the value of its assets would be expected to decline.

6.5 Foreign exchange rates and foreign exchange controls

The operations of the Company in Macedonia or any of the countries in which the Company may operate in the future are subject to currency fluctuations against the Canadian dollar, the US dollar, the Euro and the Macedonian denar, and such fluctuations may materially affect the financial position and results of the Company. The Company may be subject from time to time to foreign exchange controls in Macedonia and other countries in which it may operate outside of Canada.

6.6 Repatriation of earnings

There is no assurance that Macedonia or any of the countries in which the Company may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

6.7 Environmental and other governmental regulations

The current and future operations of the Company, including development activities of its existing zinc project and new resource projects, may require permits from various local and federal governmental authorities. Such operations are and will be governed by laws and regulations concerning development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. The Company may experience increased costs and delays in activities as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in the imposition of fines or issuance of clean up orders in respect of the Company or its projects. Such legislation may be changed to impose higher standards and potentially more costly obligations. The Company endeavours to operate in such a manner to ensure it conforms to the standards and government regulations required for each jurisdiction in which it operates.

6.8 Dependence on key personnel

The business of the Company is highly dependent on the technical and financial ability of the Company's management. Although the Company experienced a significant change in its management and board composition in February 2020, it continues to have a small management and technical team and any change in management or technical personnel of the Company could therefore have a negative effect on the business of the Company as it may not be successful in attracting suitably qualified personnel in the future. The Company does not have key person insurance in place.

6.9 Additional financing

To the extent that external sources of capital, including the issuance of additional common shares, remain limited or unavailable, the Company's ability to make necessary capital investments or to invest in new projects will be impaired.

6.10 Price volatility of public stock and shares reserved for future issuance

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for the common shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company's projects, and there may be significant fluctuations in the price of the Company's common shares.

The Company has reserved shares for issuance in respect of stock options and warrants granted to date. The Company may also enter into commitments in the future which could result in the issuance of additional common shares or the consolidation of its current outstanding share capital, and the Company may also grant share purchase warrants and additional stock options. Any issue of shares reserved for future issuance may result in dilution to the existing shareholdings.

6.11 Legal matters

Due to the nature of the Company's business, various legal matters are outstanding from time to time. As described in Note 16 of the Company's condensed consolidated interim financial statements for the six months ended March 31, 2020, the Company currently has a number of outstanding legal matters in Macedonia including the recovery of a deposit in connection with the Company's investigation of a potential site for a future zinc processing plant, and the resolution of documentation and agreements with PRG in connection with the pilot metal recovery plant. In the event that these matters are not resolved in the Company's favour, the Company's cash flow could be negatively impacted.

6.12 Conflicts of interest

Some of the directors and officers of the Company are, or may be, on the boards of other natural resource companies from time to time resulting in conflicts of interests. Some are also considered related parties. Therefore, there is the potential for a conflict of interest between the Company and some of its directors and officers. The Company requires its directors and officers to notify management and the board if they are aware of any conflicts.

6.13 Uninsurable risks

In the course of mineral production, certain risks, and in particular, unexpected or unusual operating conditions including, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons, or the amounts of its insurance may not be sufficient to fully insure against risks covered by insurance. Should liabilities arise as a result of insufficient insurance or uninsured risks, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the securities of the Company.

6.14 General economic conditions

There has been a high level of volatility in the world financial markets over the past few years. This volatility has caused investors to become less willing to provide debt or equity financing to most companies and in particular to junior resource companies. This could potentially make completing financings for the Company difficult in the foreseeable future.

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7. Off-balance sheet transactions

As at March 31, 2020 and October 9, 2020, the Company did not have any off-balance sheet arrangements.

8. Proposed transactions and subsequent events

There are no proposed transactions or reportable subsequent events during the period from March 31, 2020 through October 9, 2020, other than as disclosed below:

a) On February 27, 2020, David Cohen, the Company's then President, Chief Executive Officer ("CEO"), director and interim Chief Financial Officer ("CFO") resigned from the Company, along with then directors Paul Larkin and Pablo Marcet. They were replaced by Allen D. Leschert, who assumed the role of CEO and director, Malcolm Fraser, who assumed the role of interim CFO and director, and W. Joseph Yelder and David Pasko, who joined as the Company's new independent directors.

b) On or about February 27, 2020, the Company's former CEO, CFO and directors assigned their respective management fees and directors' fees receivable aggregating $581,506 to Armex Mining Corp., a company under the control of Allen D. Leschert, the current CEO and director of the Company. On or about the same date, Sterling West Management Ltd. also assigned its management fees receivable of $180,915 to Armex. See Section 9 for details.

c) On April 2, 2020, a total of 1,507,000 options with an exercise price of $0.095 expired unexercised.

9. Transactions between related parties

9.1 Transactions

The Company's related parties consist of (a) private companies owned by executive officers and directors and (b) a private company owned by a family member of one of the Company's directors and (c) an entity partly owned and having a cost-sharing agreement with the Company (see (a)(i)), as follows:

	Nature of transactions involved	**Relationship to the Company**
Maluti Services Limited ("Maluti")	Management, G&A	CEO until February 27, 2020
Jazz Financial Ltd. ("Jazz")	Management	CFO until September 30, 2019
Pangea Management Corp.	Consulting	Family member of CEO
Sterling West Management Ltd.	Management, G&A	See (i) below
Armex Mining Corp. ("Armex")	Accounts payable	Current CEO (see below)

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors and their relatives.

		Three months ended March 31,		**Six months ended March 31,**	
		2020	2019	**2020**	2019
Management fees	(i)	**$ 4,000**	$ 176,965	**$ 8,000**	$ 346,712
General and administrative expenses	(i)	**$ -**	40,012	**-**	67,699
Consulting fees		**-**	6,000	**-**	12,000

(i) The Company is party to a shareholders' cost-sharing agreement with certain other public and private companies (the "Other Companies") pursuant to which the Company and the Other Companies are equal shareholders in Sterling and, through Sterling, share (on a cost recovery basis) office furnishings, equipment and communications facilities and the employment of various administrative, office and management personnel in Vancouver, British Columbia, Canada. Costs of the shared office facilities and the shared employees are recovered from the Company in proportion to the time spent by the shared employees on matters pertaining to the Company. During the six months ended March 31, 2020, the Company's share of management and overhead costs was $nil (six months ended March 31, 2019 – $136,005), recorded as management fees and general and administrative expenses in the unaudited condensed consolidated interim statements of loss and comprehensive loss.

The Company accounts for Sterling using the equity method. As at March 31, 2020, the amount owing to Sterling was $180,915 (September 30, 2019 – $185,915). On or about February 27, 2020, Sterling assigned its $180,915 receivable from Esrey to Armex Mining Corp. ("Armex"), a private company controlled by the Company's current CEO.

9.2 Compensation of key management personnel

The remuneration of members of key management personnel during the six months ended March 31, 2020 and 2019 was as follows:

		Three months ended March 31,		**Six months ended March 31,**	
		2020	2019	**2020**	2019
Remuneration		**$ -**	$ 139,563	**$ -**	$ 278,406
Director's fees		**-**	4,000	**4,000**	8,000
Share-based payments	(i)	**-**	-	**-**	1,100
		$ -	$ 143,563	**$ 4,000**	$ 287,506

(i) Share based payments are the fair value of options granted to key management personnel.

The services of the Company's CEO and CFO are provided pursuant to management services contracts with Maluti and Jazz, respectively. The Company's CFO resigned on September 30, 2019 and the Company's CEO resigned on February 27, 2020. Termination payments were not paid with these resignations.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the six months ended March 31, 2020 and 2019. Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable and accrued liabilities at March 31, 2020 included directors' fees of $16,000 (September 30, 2019 – $12,000) consulting fees of $12,000 (September 30, 2019 – $12,000) and remuneration of $557,506 to other key management personnel (September 30, 2019 – $557,506). On or about February 27, 2020, $581,506 of the amounts due to related parties noted above were assigned to Armex.

10. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and loans payable.

10.1 Fair value of financial instruments

The carrying amount for cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities on the statement of financial position approximate their fair value due to the short-term to maturities of these financial instruments.

The carrying amount for loans payable approximates its fair value due to the short-term to maturity of this financial instrument.

10.2 Financial risk management

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity and funding risk, and market risk. There have been no substantive changes in the Company's exposure to financial instrument risk, the Company's objectives, policies and processes for managing those risks or the methods used to measure them from previous years.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The overall objective of the Board is to set policies that seek to reduce the Company's risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

10.3 Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk arises principally from the Company's cash and cash equivalents and amounts receivable. Cash and cash equivalents consist of cash on hand, deposits in major banks that are considered to be creditworthy, and highly liquid investments with an original maturity date of less than one year. Amounts receivable are comprised primarily of amounts due from a related party and GST receivables from the government of Canada. The carrying values of the financial assets represent the maximum credit exposure.

10.4 Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company's cash is invested in business accounts and is available on demand.

Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There is no assurance that such financing will be available when, and if, the Company requires additional equity financing.

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The following table summarizes the Company's significant remaining contractual maturities for financial liabilities as at March 31, 2020:

	Less than 1 year	1 - 5 years	Total
Accounts payable and accrued liabilities	$ 1,845,465	$ -	$ 1,845,465
Loans payable	250,311	-	250,311
Lease commitments	76,665	479,302	555,967
Total	$ 2,172,441	$ 479,302	$ 2,651,743

In connection with this lease, the Company has a $25,973 deposit with the landlord which has been recorded as "Deposit" on the Company's consolidated statement of financial position as at March 31, 2020.

10.5 Market risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates of the Company's financial instruments. The Company has minimal exposure to interest rate fluctuations on its cash and cash equivalent balances due to current low market interest rates.

Foreign currency risk

Some of the Company's cash, expenditures, loans and accounts payable are denominated in US dollars, Papua New Guinea kina, Macedonian denar and European euro. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar, Papua New Guinea kina, Macedonian denar and European Euro. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

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11. Adoption of accounting standards and pronouncements under IFRS

11.1 Application of IFRS 16

Effective October 1, 2019, the Company adopted IFRS 16 which superseded IAS 17. The most significant effect of the new lease standard is the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use ("ROU") assets and lease liabilities on the statement of financial position, including those for most leases that would have previously been accounted for as operating leases under IAS 17. Both leases with durations of 12 months or less and leases for low-value assets may be exempted.

The Company has an office lease for its headquarters in Vancouver, British Columbia. In accordance with the modified retrospective approach, ROU assets of $288,584 and lease liabilities of $288,584 were recognized upon initial adoption of IFRS 16 on October 1, 2019. The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of ROU assets. These include determining contracts that are within the scope of IFRS 16, determining the contract term, and determining the interest rate used for the discounting of future cash flows.

The ROU assets are recognized initially at the value of lease liabilities at recognition with any prepaid payments, initial direct costs and dismantling costs less any lease incentives received. The lease term determined by the Company comprises the non-cancellable period of lease contracts, the period covered by an option to extend the leases, if the Company is reasonably certain to exercise that option, and the periods covered by an option to terminate the lease, if the Company is reasonably certain not to exercise that option. The amortization rate of ROU assets is based on the shorter of the useful life of the underlying asset or the lease term determined. The present value of the lease payment is determined using the discount rate representing the estimated weighted average incremental borrowing rate the Company could secure. There are no restrictions or covenants imposed by the Company's leases.

11.2 Accounting standards issued but not yet effective

The Company has not adopted any new or amended accounting standards during the six months ended March 31, 2020, and does not expect new or amended standards to have a material impact on these unaudited condensed consolidated interim financial statements.

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12. Critical accounting estimates and critical accounting judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenue and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net income (loss) and/or comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Judgments and estimates made by management in the application of IFRS that have a significant effect on the financial statements are discussed below.

Critical accounting estimates

Share based payments

The Company measures the cost of equity-settled transactions based on the fair value of the equity instruments on the date of grant. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

Critical accounting judgements

(a) Impairment of assets

Significant judgment is exercised in connection with the assessment of whether exploration and evaluation assets, stockpile material rights, and the pilot metal recovery plant and equipment are impaired, including the determination of and allocation of assets to CGUs for the purposes of impairment testing. The determination of CGUs requires judgment when determining the lowest level for which there are separately identifiable cash inflows generated by the asset category. The application of the Company's accounting policies requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. At each balance sheet date, management reviews whether events or circumstances have occurred to indicate that the carrying amounts of the Company's long-lived assets with finite useful lives may be less than their recoverable amounts. Underlying assumptions used in this assessment are influenced by industry conditions, economic uncertainty and management's intention at the point of assessment. Judgment used in determining whether an asset or asset group is impaired, the recoverable amount of an asset or CGU may affect the amount of the impairment loss to be recorded to an asset or CGU, as well as the potential reversal of the impairment charge in the future.

(b) Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 – Business Combinations. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business. Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of Power Zinc on July 21, 2017 did not meet the definition of a business and the transaction has been accounted for as an asset acquisition.

(c) Determination of control of subsidiaries and joint arrangements

Judgement is required to determine when the Company has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making, financing of the investee, and the appointment, remuneration and termination of key management personnel; and when the decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Judgement is also required when determining the classification of a joint arrangement as a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement. Changes to the Company's access to those rights and obligations may change the classification of that joint arrangement. Based on assessment of the relevant facts and circumstances, primarily, the requirement for unanimous agreement on management decisions relating to the financing and operation of the arrangement, the Company concluded that EERL Holdings met the criteria to be classified as a joint venture.

(d) Assets held for sale and discontinued operations

The Company applies judgement to determine whether an asset or disposal group is available for immediate sale in its present condition and that its sale is highly probable and therefore should be classified as held for sale at the balance sheet date. Conditions that support a highly probable sale include the following: an appropriate level of management is committed to a plan to sell the asset or disposal group, an active program to locate a buyer and complete the plan has been initiated, the asset or disposal group has been actively marketed for sale at a price that is reasonable in relation to its current fair value, and the sale of the asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.

The Company also applies judgement to determine whether a component of the Company that either has been disposed of or is classified as held for sale meets the criteria of a discontinued operation. The key area that involves management judgement in this determination is whether the component represents a separate major line of business or geographical area of operation.

(e) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the applicable tax laws in the jurisdictions in which the Company operates. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. However, the final outcome may result in a materially different outcome.

In determining its current and deferred tax provisions, the Company must apply judgment when interpreting and applying complex and changing tax laws and regulations. The determination of the appropriate application of these laws and regulations by tax authorities may remain uncertain for several years. The final outcome of such determination could result in amounts different from those initially recorded and would impact current or deferred tax expense in the period in which a determination is made. The determination of deferred tax asset recognition also requires judgment regarding the Company's ability to more likely than not utilize that asset.

(f) Determination of cash generating units ("CGUs")

A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

(g) Functional currency

The Company's functional currency is based on the primary economic environment in which it operates and is based on an analysis of several factors including which currency principally affects sales prices of products sold by the Company, which currency influences the main expenses of providing services, in which currency the Company keeps its receipts from operating activities and in which currency the Company has received financing. Management used its judgment to assess these factors.

(h) Contingencies

Due to the nature of the Company’s operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

The Company is pursuing the recovery of a deposit paid in connection with the Company’s investigation of a potential site for a future full-scale zinc processing plant through the legal system in Macedonia. The outcome of this matter is currently uncertain.

The Company has determined that not all necessary in-country legal agreements in Macedonia were completed in the transaction with PRG and the Company had been working to finalize these agreements with PRG. Notwithstanding that the Company has written off all of its pilot plant and equipment in Macedonia during the year ended September 30, 2019, the Company believes that it retains title to all assets purchased from PRG on July 21, 2017 (including the pilot metal recovery plant construction in progress at the time) and that it retains title to all subsequent work performed by PRG to construct the pilot metal recovery plant for the Company in 2017 and 2018.

While the outcomes of these matters are uncertain, based upon the information currently available, the Company does not believe that these matters in aggregate will have a material adverse effect on its financial statements. In the event that management’s estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in its financial statements in the period in which such changes occur.

13. Limitations of controls and procedures

The Company’s President & CEO and acting Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, the Company’s management cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Inherent limitations include flawed decision making or simple errors. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by unauthorized override of the control.

The design of any control system is also based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. The Company's officers are not required to certify the design and evaluation of the Company's disclosure controls and procedures and internal controls over financial reporting and have not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

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14. Cautionary statement on forward-looking information

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan", "continuous", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements pertaining to the following:

- Pilot metal recovery plant, including expected useful life;
- Future location for a commercial plant;
- Environmental permitting;
- Capital expenditures; and
- Sources of funding.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not in fact be realized. Actual results will differ, and the difference may be material and adverse to the Company and its shareholders.

Risk factors affecting future results include, but are not limited to: financing risks, price volatility of the Company's stock, prices of zinc and other metals, dependence on key personnel, uninsurable risks, conflicts of interest, and risks of operating in foreign countries, including political risk, government regulation, environmental risks, exchange controls and variations in exchange rates.

Forward-looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, the impact of increasing competition, and the ability to obtain financing on acceptable terms. Although management considers these assumptions to be reasonable based on information currently available, they may prove to be incorrect.

Certain of the forward-looking statements in this MD&A may constitute "financial outlooks" as contemplated by National Instrument 51-102 Disclosure Obligations, including information related to projected revenues, expenses, capital expenditures for 2019 and future years, which are provided for the purpose of forecasting the financial position of the Company. Please be advised that the financial outlook in this MD&A may not be appropriate for purposes other than the one stated above.

The forward-looking statements contained in this MD&A are made as of the date thereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.
