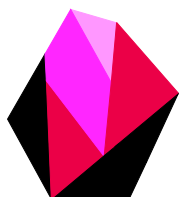


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TRUE NORTH GEMS

MANAGEMENT DISCUSSION AND
ANALYSIS

FOR THE THREE MONTHS ENDED
March 31, 2020

Management's discussion and analysis ("MD&A") provides a review of the performance of True North Gems Inc.'s ("True North", "TGX" or the "Company") operations and has been prepared on the basis of available information up to May 25, 2020 and should be read in conjunction the audited financial statements for the year ended December 31, 2019 and the related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is Canadian dollars and all dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise.

Some of the statements made in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

True North's common shares are listed on the TSX Venture Exchange (the "TSX-V") trading symbol – TGX

Caution on Forward-Looking Statements

The MD&A contains certain forward-looking statements concerning anticipated development in True North's operation in future periods. Forward-looking statements are frequently, but not always identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements are set forth principally under the heading "Outlook" in the MD&A and may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of gemstones or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of True North may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. True North's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and True North does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from True North's expectations include uncertainty as to the availability and terms of future financing and other risks and uncertainties disclosed in other information released by True North from time to time and filed with the appropriate regulatory agencies.

OVERVIEW AND OUTLOOK

On September 5, 2016, True North Gems Greenland A/S ("TNGG"), the Company's 75.39% subsidiary, which owned the Aappaluttoq Ruby and Pink Sapphire Deposit located in SW Greenland, initiated voluntary bankruptcy proceedings under the Bankruptcy Act in Greenland. Since late 2015, the Company had been engaged in a comprehensive search for mine financing. Two parallel strategies were pursued; financing at the project level ("TNGG") and at the corporate level ("True North"). Neither strategy concluded in the mine being financed. As a result, the Company was unable to fund the Greenlandic operations. Under Greenlandic labor laws TNGG was required to have sufficient working capital for employee wages and office expenses in order to be considered a going concern. Accordingly, TNGG was in breach of the Greenlandic interpretation of "going concern" and would be ruled technically insolvent. As such, the Board of Directors of TNGG had to place it into voluntary bankruptcy to protect its shareholders (True North, LNS Group and Greenland Ventures S/A). Concurrently, the court appointed two Trustees to assume all accounting and administrative duties of TNGG establishing loss of control.

The Trustees fully documented all assets and invited bids from interested parties. The Company prepared and submitted a bid; however, LNS Greenland A/S ("LNSG") was the highest bidder and was granted the Aappaluttoq Mine Licence by the Greenland government. The redistribution of the remaining value was on a pro-rata basis determined by debt ownership at the time of the TNGG bankruptcy. In September 2018, the Trustee notified the Company that they were to receive a dividend distribution of DKK 3,158,108.20 (CAD \$638,254) on the closure of the Estate. and the funds were released to the Company in October of 2018.

The Company is currently assessing legal options to address the matters of concern with respect to the bankruptcy process and the Greenland government's decision to award the Aappaluttoq Licence to True North's former partners LNS and Greenland Ventures. TGX management and corporate counsel believe the bidding process was mismanaged, needlessly expedited, unfair, biased and potentially in contravention of Greenlandic bankruptcy

laws.

In June 2017, Greenland Ventures issued a demand for repayment of principal and interest of a loan that True North had guaranteed on behalf of TNGG (DKK 12,165,674 (CAD \$2,475,472) as at May 24, 2017) and a provision has been recorded for the amount demanded plus interest that has accrued at the rate of 2% per month on the outstanding balance from May 24, 2017 to March 31, (DKK 8,069,288 (CAD \$1,684,278)). On February 7, 2019, the loan guarantee payable to Greenland Ventures was assigned to Leucadia Finance Partners Inc. ("Leucadia") for the aggregate purchase price of \$350,000. Subsequent to the date of the assignment, the Company made loan payments in aggregate of \$394,680. The assignment by Greenland Ventures of its interest in the debt to a third party did not have any impact on the Company.

Historically, True North's principal business activities included the exploration and evaluation of natural resource properties in Canada. Presently, the Company is currently evaluating its options in terms of restructuring.

Changes in management

On March 25, 2020, Mr. Andrew Lee Smith resigned as Interim CEO and as director and Mr. Ken Ralfs was appointed CEO and joined the Board.

TRUE BLUE PROJECT– YUKON, CANADA

The property consists of 300 mining claims in the Watson Lake Mining District.

During the year ended December 31, 2019, the Company signed an option agreement with Razore Rock Resources Inc. ("Razore Rock") whereby Razore Rock can earn up to a 70% working interest in the True Blue Rare Earth Element Property ("REE") in the Yukon Territory. Subsequent to the date, the agreement was entered into Ken Ralfs was appointed President and CEO of True North and rejoined the Board of Directors. Mr. Ralfs is the President, CEO and a director of Razore Rock (refer above to changes in management).

The REE Property consists of 68 mining claims in the Ketza-Seagull district of the Southern Yukon in the Watson Lake Mining District comprising 13.3 square kilometers. The property is located approximately 166 km northeast of Whitehorse and represents one of four adjacent project areas held by the Company in the region.

Razore Rock can earn a 70% interest by incurring expenditures in aggregate of \$300,000 over three years and issuing an aggregate of 600,000 common shares with 200,000 shares to be issued on closing (issued October 10, 2019); a further 200,000 shares to be issued on or before November 30, 2020; and, a further 200,000 to be issued on or before November 30, 2021. Once Razore Rock earns its 70% interest, the parties will form a joint venture and contribute pro-rata (Razore Rock 70%, True North 30%) to the further exploration and development of the Property. If a party is reduced to a 10% or less interest in the Property that party's interest will be reduced to a 2% net smelter returns royalty with the right of the remaining party to acquire a 1% net smelter returns royalty at any time for the payment of \$1,000,000.

The Company undertook an exploration program on a group of claims that included the REE Property in 2019. Razore Rock reimbursed True North for its pro-rata share of the costs of the exploration program in the amount of \$52,400 based upon assessment work filed by True North on the Property.

FINANCIAL POSITION - CONTINUING AND DISCONTINUED OPERATIONS COMBINED

As at March 31, 2020, the Company had current assets of \$46,555 and current liabilities of \$4,911,364 compared to current assets of \$91,371 and current liabilities of \$4,582,415 as at December 31, 2019. At March 31, 2020, the Company had a working capital deficit of \$4,864,809 compared to working capital deficit of \$4,491,044 at December 31, 2019.

The Company had cash and cash equivalents of \$28,314 at March 31, 2020 compared to \$62,387 at December 31, 2019. During the three month period ended March 31, 2020, the Company recorded cash used in operations of \$34,083 compared to cash used in operations of \$604,004 for the comparative period end March 31, 2019. Minimal activity has occurred during the three month period ended March 31, 2020.

The Company had no investing or financing activities during the three month period ended March 31, 2020.

RESULTS OF OPERATIONS

Three months ended March 31, 2020 compared with three months ended March 31, 2019
(Information extracted from the Company's financial statements)

	For the three month period ended March 31,	
	2020	2019
Operating expenses		
Consulting fees	\$ 47,000	\$ 93,600
Directors fees	-	10,000
Foreign exchange loss (gain)	4,417	(4,966)
General and administrative	5,153	1,280
Investor relations	48	596
Legal fees	-	4,848
Rent and occupancy costs	3,600	1,020
Transfer agent and filing fees	5,851	8,326
Operating loss	(66,069)	(114,704)
Loss before income taxes	(66,069)	(114,704)
Income tax recovery (expense)	(540)	-
Net loss for period from continuing operations	(66,609)	(114,704)
Net loss for period from discontinued operations (note 4)	(303,696)	(89,583)
Net loss for period	(370,305)	(204,287)
Items that may be reclassified subsequently to net loss:		
Unrealized gain (loss) on available-for-sale investments, net of income tax recover of \$540 (2019: \$Nil)	(3,460)	-
Comprehensive income (loss) for period	\$ (373,765)	\$ (204,287)
Loss per share from continuing operations - basic and fully diluted	\$ (0.00)	\$ (0.01)
Loss per share from discontinued operations - basic and fully diluted	\$ (0.02)	\$ (0.01)
Weighted average number of common shares-basic	13,577,353	7,910,686

NET LOSS

The net loss from continuing and discontinued operations for the three month period ended March 31, 2020, amounted to \$369,765 compared to a net loss for the comparative period of \$204,287.

Discontinued operations

	For the three month period ended March 31,	
	2020	2019
True North's operating expenses		
Foreign exchange loss (gain)	233,575	(130,187)
Legal fees	-	3,640
True North operating income (loss)	(233,575)	126,547
Other income (expenses)		
Loan guarantee	(70,122)	(216,129)
Net income (loss) and comprehensive income (loss) for the year from discontinued operations	\$ (303,696)	\$ (89,583)

The activity for the three months ended March 31, 2020 compared to the three months ended March 31, 2019, as follows:

- i. unrealized foreign exchange gain of \$233,575 (2019: \$130,187 loss) on loan guarantee amount demanded by Greenland Venture¹ in June 2017, which is repayable in Danish krone; and,
- ii. recognition of interest of \$70,122 (2019: \$216,129) on loan guarantee.

Continuing operations

Net loss from continuing operations for the three months ended March 31, 2020, amounted to \$66,069 compared to a net loss of \$114,704 for the three months ended March 31, 2020, a decrease of \$49,635.

Operating expenses – continuing operations

For the three months ended March 31, 2020, total operating expenses were \$66,069 compared to \$114,704 recorded during the same period in 2019 representing a decrease of \$49,635.

Significant factors that contributed to the variances are discussed below:

Consulting fees

Consulting fees totalling \$47,000 compared to \$93,600 in the prior period. During 2019, the Company was charged a substantial amount of fees for services from arms length parties to advise and assist in restructuring matters.

Foreign exchange

Foreign exchange was a gain of \$4,417 for the three months ended March 31 2020 compared to a loss of \$4,966 for 2019.

Rent

Rent totalling \$3600 compared to \$1,200 in the prior period.

¹ Loan guarantee amount assigned to Leucadia Financial Partners Inc. on February 7, 2019

CAPITAL EXPENDITURES

There were no capital expenditures during the three months ended March 31, 2020.

SUMMARY OF QUARTERLY RESULTS – UNAUDITED

The following table details the Company's quarterly results:

Quarter Ended	Net revenues	Net income (loss)	Loss per share - basic & diluted
	\$s	\$s	\$s
31-Mar-20	-	(373,765)	(0.00)
31-Dec-19	-	(64,367)	(0.01)
30-Sep-19	-	(97,481)	(0.01)
30-Jun-19	-	905,089	0.05
31-Mar-19	-	(204,287)	(0.01)
31-Dec-18	-	(699,601)	(0.22)
30-Sep-18	-	281,368	0.09
30-Jun-18	-	(286,942)	(0.09)

*Values may not add to reported amount for the years then ended due to rounding

As a result of the loss of control, TNGG's operations were reclassified as discontinued operations. Disclosure of continuing and discontinued operations quarterly results is set out below:

Quarter Ended	Net income (loss) - continuing operations	Net income (loss) - discontinued operations	Net income (loss)	Loss per share from continuing operations - basic & diluted	Loss per share from discontinued - basic & diluted
	\$s	\$s	\$s	\$s	\$s
31-Mar-20	(66,069)	(303,696)	(373,765)	(0.00)	(0.02)
31-Dec-19	32,138	(96,505)	(64,367)	(0.00)	(0.00)
30-Sep-19	(134,376)	37,016	(97,360)	(0.01)	0.01
30-Jun-19	(123,264)	1,028,353	905,089	0.05	(0.00)
31-Mar-19	(114,704)	(89,583)	(204,287)	(0.01)	(0.01)
31-Dec-18	12,701	(335,870)	(699,601)	0.00	(0.10)
30-Sep-18	(213,871)	495,239	281,368	(0.07)	0.16
30-Jun-18	(207,130)	(79,812)	(286,942)	(0.07)	(0.03)

There are no meaningful trends evident from analysis of the summary of quarterly financial information over the last eight quarters.

Factors that can cause significant fluctuations in the Company's quarterly results are set out in the table below.

Quarter Ended	Foreign exchange losses (gains)	Consulting fees/salaries	Exploration and evaluation expenditures	Expenditures by parent - TNGG (in bankruptcy) (the "Estate")
	\$'s	\$'s	\$'s	\$'s
31-Mar-20	4,417	47,000	-	(303,696)
31-Dec-19	(910)	41,100	(6,613)	(96,505)
30-Sep-19	609	66,100	67,714	37,016
30-Jun-19	(4,678)	68,600	-	1,028,353
31-Mar-19	(4,966)	93,600	-	(89,583)
31-Dec-18	12,701	198,600	-	(335,870)
30-Sep-18	(3,958)	200,100	-	495,239
30-Jun-18	4,871	198,600	-	79,812
31-Mar-18	6,465	182,500	-	343,463

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2020, the Company had cash and cash equivalents (collectively referred to as "cash") of \$28,314 and a working capital deficit of \$4,864,809.

Based on the financial position at March 31, 2020, the Company's available funds through debt or equity issuances, collection of additional funds from bankruptcy proceedings or other available means are not considered adequate to meet requirements for the next twelve months based on expenditures for operations. To meet expenditure requirements, the Company is dependent upon its ability to access financial resources. There can be no assurances that the Company will be successful in accessing these financial resources.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company's business or ability to raise funds.

CAPITAL RESOURCES

To date, the Company has met its capital requirements through the completion of equity placements, debt financings and investment sales.

Trends that affect the market generally, and the perception of the Company within the marketplace, can affect the Company's ability to access capital in both a positive and negative way. Trends in this general market are defined by fluctuations in the global economy and the demand for metals and commodity prices. Trends in the perception of the Company in the resource marketplace will be affected by general trends in the resource equity markets, the Company's performance in creating shareholder value and in demonstrating the ability to manage the Company's affairs and achieve mandated objectives.

As of March 31, 2020, the Company has demand loans payable of \$45,973 that includes accrued interest thereon of \$1,868. The loans are secured by promissory notes and bear interest at the rate of 5% per annum. Additionally, the Company had unconditionally and irrevocably guaranteed repayment to Greenland Venture of the loan principal accrued interest and any costs and expenses payable in connection with the loan made to TNGG. Two claims of DKK 361,461

and DKK 11,753,910 (as at March 31, 2020 approximately CAD \$2,528,805) respectively had been filed against the Estate by Greenland Ventures relating to the loan guaranteed by True North, Greenland Ventures received dividend distributions of DKK 28,092.93 and DKK 885,425.12 respectively (approximately CAD \$184,162) from the Estate in settlement of these claims. The guarantee provides that whenever TNGG does not pay any amount when due under the agreement, then True North shall immediately on demand pay the amount as if it was the principal obligor. In June 2017, Greenland Venture issued a demand for repayment of principal and interest (DKK 12,165,674.61 (CAD \$2,475,472) as at May 24, 2017) and a provision has been recorded for the amount demanded plus interest that has accrued at the rate of 2% per month compounded monthly from May 24, 2017 to March 31, 2020 DKK 8,069,281 (CAD \$1,684,278)). On February 7, 2019, the loan guarantee payable to Greenland Ventures was assigned to Leucadia for the aggregate purchase price of \$350,000. Subsequent to the date of the assignment, the Company made loan payments in aggregate of \$394,680.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and members of the senior management group.

During the three months ended March 31, 2020, key management personnel charged \$30,000 in fees for services rendered. These transactions were in the normal course of business recorded at their exchange amounts, which was established and agreed to by the related parties.

No directors fees have been accrued as payable to the directors for the three month period ended March 31, 2020.

At March 31, 2020 there is a balance due to key management personnel of \$515,565 and to former key management personnel of \$204,507 for compensation, which is included in accounts payable and accrued liabilities.

PROPOSED TRANSACTIONS

As of May 25, 2020, the Company has no proposed material transactions.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 in the Company's audited annual financial statements for the year ended December 31, 2019.

ACCOUNTING POLICIES

The Company has applied IFRS, as disclosed in note 3 to the annual financial statements, which are applied on a consistent basis with the exception of the change in accounting policy for financial instruments with the adoption of IFRS 16 - Leases effective January 1, 2019. The Company currently is not party to any lease agreement so there was no impact on the transition.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Currently, the certification required by the Company's certifying officers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109F), the Venture Issuer Basic Certificate, does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. This includes:

- i. Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and,
- ii. A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Refer to elsewhere in the MD&A or the Company's financial statements for capitalized or expensed exploration and development costs, general and administrative expenses and other material costs. Additional information relating to the Company is on SEDAR www.sedar.com.

OUTSTANDING SHARE DATA

At March 31, 2020, True North had 13,577,353 common shares, 10,500,000 warrants and 300,000 options issued and outstanding.

As of the date of this report, True North had 13,577,353 common shares, 10,500,000 warrants and 300,000 options issued and outstanding.

RISK FACTORS

Financial capability and additional financing

The Company will require additional financing through debt or equity issuances, collection of additional funds from bankruptcy proceedings, if any, or other available means in order to continue operations and for working capital purposes. While it has been successful in raising funds in the past, there is no guarantee that adequate funds will be available in the future and/or on terms acceptable by the Company. The Company has cash and cash equivalents of \$28,314 at March 31, 2020. Based on the financial position at March 31, 2020, available funds are not considered adequate to meet requirements for the next twelve months in order to continue operations. A discussion of risk factors particular to the financial instruments is presented in notes 1 & 10 of the audited financial statements.

COVID-19

In late 2019, a virus which causes coronavirus disease 2019 (COVID-19) was identified in Wuhan, Hubei, China. The virus subsequently spread throughout most of the world and in March 2020, COVID-19 was recognized as a pandemic by the World Health Organization. COVID-19 has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. We anticipate this outbreak may increase difficulties in financing and increased government regulations, all of which may negatively impact the Company's business and financial condition.