



MANAGEMENT DISCUSSION & ANALYSIS

For the Three Months Ended

July 31, 2019

Management's Discussion and Analysis

This management's discussion and analysis (MD&A) for Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.) (the "Company") should be read in conjunction with the condensed interim financial statements of July 31, 2019 and the audited annual financial statements of April 30, 2019. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company presents its results in Canadian (CDN) dollars. All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain statements in this document that are not supported by historical facts are forward-looking, which means that they are subject to risks, uncertainties and other factors that may result in actual results differing from those anticipated or implied by such forward-looking statements. There are many factors that may cause such a disparity, notably unstable metal prices, the impact of fluctuations in foreign exchange markets and interest rates, inaccurate resources estimates, environmental risks (more stringent regulations), unexpected geological events, unfavourable mining conditions, political risks arising from mining in developing countries, changing regulations and government policies (laws or policies), failure to obtain required permits and approval from government authorities, or any other risk related to mining and development.

Even though the Company believes that the assumptions relating to the forward-looking statements are plausible, readers are cautioned to not place undue reliance on such statements, which are valid only as of the date of this document.

Additional information about the Company can be found under the Gespeg Copper Resources Inc. profile on the SEDAR website (www.sedar.com).

Date

This MD&A was prepared as of September 25, 2019.

Description of the Business

The Company was incorporated under the laws of British Columbia on May 31, 2006 and is listed on the TSX Venture Exchange (“TSX-V”). The principal business of the Company is the identification, exploration and development of mineral properties.

The Company is focusing on exploring and developing its copper mineral claims in the Gaspé region of Quebec, with a view to developing mineral occurrences and discovering economically viable mineral deposits.

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operation. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The use of these principles may not be appropriate.

To date, the Company has not earned significant revenue and is considered to be in the identification and exploration stage.

The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Company’s assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Company’s investment in these assets is dependent upon the renewed legal ownership of the claims, and whether an economically viable operation can be established.

In addition, it has not yet been determined whether the Company’s properties contain ore reserves that are economically recoverable. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

As at July 31, 2019, the Company’s current committed cash resources are insufficient to cover expected expenditures in fiscal 2020. The Company’s ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurance that management will be successful in securing adequate financing.

The Company reported net losses in first three months of fiscal 2020 and fiscal 2019 of \$40,104 and \$80,797 respectively. These recurring losses and the need for continued financing to further successful exploration may cast significant doubt as to the Company’s ability to continue as a going concern.

The financial statements do not include any adjustments to the carrying values of asset and liabilities that might be necessary, if the Company is unable to continue as a going concern. Such adjustments could be material.

The technical disclosure contained in this MD&A was prepared by Bernard-Olivier Martel, P.Geo, a consultant to the Company. Mr. Martel is a “qualified person” within the meaning of National Instrument 43-101.

Selected Financial Information

For the periods ended	July 31, 2019	April 30, 2019	April 30, 2018
Cash	\$ 22,445	\$ 34,137	\$ 50,378
Exploration and evaluation assets	\$ 14,192	\$ 14,192	\$ 39,713
Total assets	\$ 67,232	\$ 88,591	\$ 97,495
Total liabilities	\$ 392,601	\$ 373,856	\$603,318
Shareholders' equity (deficiency)	\$(325,369)	\$(285,265)	\$(505,823)
Total operating expenses	\$ 40,104	\$ 451,489	\$280,059
Other income on settlement of flow-through premium liability	\$-	\$ 13,039	\$2,580
Gain on disposal of exploration and evaluation asset	\$-	\$ 46,737	\$-
Gain on shares for debt settlement	\$-	\$ 230,093	\$-
Income tax expense (recovery)	\$-	\$-	\$-
Net loss	\$ 40,104	\$ 161,620	\$277,479
Loss per share, basic	\$0.00	\$0.00	\$0.00
Loss per share, diluted	\$0.00	\$0.00	\$0.00

Quarterly Results of Operations (unaudited)

	Three Months Ended			
	July 31, 2019	April 30, 2019	January 31, 2019	October 31, 2018
Total operating expenses	\$40,104	\$196,326	\$64,805	\$100,708
Net income (loss) for the period	\$40,104	\$33,767	\$(64,805)	\$(49,785)
Loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	July 31, 2018	April 30, 2018	January 31, 2018	October 31, 2017
Total operating expenses	\$89,650	\$77,620	\$26,976	\$53,035
Net loss for the period	\$(80,797)	\$(75,040)	\$(26,976)	\$(53,035)
Loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Three month period ended July 31, 2019 and 2018:

For the three months ended July 31, 2019, the Company recorded a net loss of \$40,104 (\$0.00 per share), compared to loss of \$80,797 (\$0.00 per share) in the three months ended July 31, 2018. The primary difference between the two periods is a the decrease in general and administration, professional fees and project investigation costs.

General and administrative expenses in the first quarter were \$5,412 compared to \$22,778, which is the result of the Company decreasing business activity and ceasing property investigations. Professional fees decreased to \$9,472 reflecting a general decrease in transactions and financing activities.

Cash Flow:

Three Months Ended July 31, 2019 and 2018:

Net cash used in operating activities in the three months ended July 31, 2019 was \$11,692 compared to \$185,620 net cash used in the three months ended July 31, 2018, a decrease in cash used of \$173,928. The decrease between the periods is related to the timing of accounts payables payments and collection of tax credits and a general decrease of corporate activities.

Net cash provided by investing activities in the three months ended July 31, 2019 was \$nil compared to \$188 in the three months ended July 31, 2018, an decrease in cash provided of \$188. The change in investing activity is effected by the timing of exploration programs based on the availability of funds in the Company and the timing of resource input credits received from the Quebec government.

Net cash generated in financing activities was \$nil in the three months ended July 31, 2019 and \$258,588 in the comparative period. The cash generated in financing activities is subject to junior market conditions and the Company's need for cash based on planned exploration programs.

For the three months ended July 31, 2019 the Company had a net decrease in cash of \$11,692 compared to net increase of \$73,156 in the comparative period.

Exploration

During the year ended April 30, 2019, the Company continued its property investigation activities and had reduced exploration activities to preserve cash.

In the period ended July 31, 2019, the Company ceased its property investigation activities and cancelled the letter agreement with DNA Canada Inc. ("DNA").

Analysis of Acquisition and Exploration Costs

	Balance as at May 1, 2018	Additions	Impairment/ Disposals	Balance as at April 30, 2019
Vortex	\$ 1	\$ 9,434	\$ -	\$ 9,435
Port Daniel	39,712	11,746	(51,458)	-
Lac Arsenault	-	4,757	-	4,757
	<u>\$ 39,713</u>	<u>\$ 25,937</u>	<u>\$ (51,458)</u>	<u>\$ 14,192</u>

	Balance as at May 1, 2019	Additions	Impairment/ Disposals	Balance as at July 31, 2019
Vortex	\$ 9,435	\$ -	\$ -	\$ 9,435
Port Daniel	-	-	-	-
Lac Arsenault	4,757	-	-	4,757
	<u>\$ 14,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,192</u>

Vortex

The Vortex project is a copper molybdenum exploration opportunity in the Gaspé region of Quebec and is the site of the former Gaspé Copper mine and smelter. The project encompasses 80 sq. km of land and is comprised of three main claim groups:

- The Sullipek deposit, situated on the western edge of the project area;
- The Sullipek East property, a skarn/porphyry copper opportunity; and
- The Madeleine des Vercheres claim group.

On July 23, 2013, the Company and ASPM Inc. (the “Vendor”) executed a term extension on the Madelaine des Vercheres claim group. Under the terms of the extension, the Company was required to make a one-time payment of \$30,000 to the Vendor (paid).

Also, considered a part of the Vortex is the In-between project, a copper molybdenum exploration opportunity in the Gaspé region of Quebec. It covers lands between Vortex to the west and Murdochville to the east. This area was claimed in 2011 and a geophysical survey was executed in 2012. The 2012 survey showed 436 targets and 141 priority one targets to be further explored in the future.

Port Daniel

Port Daniel is a copper mineral opportunity located in the south region of the Gaspé Peninsula of Quebec.

During the year ended April 30, 2019, the Company reviewed its exploration and evaluation assets and determined economic conditions, commodity prices and the Company's future expenditure plans supported the need to impair the property and accordingly the Company recorded a write down in the amount of \$51,458.

Lac Arsenault

During the year ended April 30, 2019 the Company entered into an agreement to acquire 15 mining claims in the southern part of the Gaspé Peninsula, Quebec in exchange for 100,000 common shares of the Company (issued at a fair value of \$3,500).

Montauban

Montauban is a gold mineral opportunity located in the regions of Chavigny and Portneuf townships of Quebec.

On June 9, 2017 and September 26, 2017, the Company signed a binding letter agreement with DNA Canada Inc, whereby the Company will acquire up to a 50% undivided interest in 65 mining claims for consideration as follows:

- a. Earn a 10% interest; by delivering a compliant 43-101 report on all existing tailings and issuing 3,000,000 common shares;
- b. Earn an additional 15% interest; obtaining all required permits and issuing 5,000,000 common shares
- c. Earn an additional 25% interest; by starting production of the tailings and issuing 10,000,000 common shares

On May 2, 2019, the Company cancelled the letter agreement.

Net smelter royalty

As part of the acquisition of the Vortex claims, the Company entered into an agreement with 49 North Resources Inc. to grant a 2% net smelter return “NSR” royalty from the sale of all copper-molybdenum lands portion of the property, excluding the Port Daniel property. The Company may, at any time reduce the NSR from 2% to 0.5%, by making a cash payment of \$1,000,000 to 49 North.

Financing

Issuance of common shares:

On May 31, 2018, the Company completed a financing of 6,825,000 units at an issue price of \$0.03 per unit for gross proceeds of \$204,750. Each unit subscription entitles the holder to one non-flow-through common share of the Company and one common share purchase warrant with an exercise price of \$0.06 and a term of 24 months.

On June 14, 2018, the Company completed a financing of 2,866,667 units at an issue price of \$0.03 per unit for gross proceeds of \$86,000. Each unit subscription entitles the holder to one non-flow-through common share of the Company and one common share purchase warrant with an exercise price of \$0.06 and a term of 24 months. In connection with the May and June financings, the Company issued 160,000 broker warrants and paid cash share issue costs totaling \$17,162.

On August 13, 2018, the Company issued 100,000 pursuant to a property purchase agreement. The shares were valued at \$3,500, in total.

On March 4, 2019, the Company issued 3,281,422 common shares pursuant to shares for debt settlements, approved by the shareholders on January 11, 2019. The shares were issued at a value of \$98,442, resulting in a gain on shares for debt settlement of \$230,093.

On April 8, 2019, the Company issued 300,000 pursuant to a property purchase agreement. The shares were valued at \$9,000, in total.

Share-based compensation

The directors of the Company have adopted, and the shareholders have approved a stock option plan (the “Option Plan”), pursuant to which the directors may from time to time grant options for up to 10% of its issued and outstanding shares. The purpose of the Option Plan is to attract, retain and motivate directors, employees and consultants of the Company and to advance the interests of the Company by providing such persons with the opportunity, through stock options, to acquire an equity interest in the Company.

No stock options are issued or outstanding in the period or comparative period.

Related party transactions

Compensation of key executive personnel:

Three months ended July 31,	2019	2018
Consulting fees to officers	\$ 22,500	\$ 22,500

Consulting fees paid or accrued to directors and officers or companies controlled by directors and officers are recorded in management fees, general and administrative or, as applicable, capitalized to the exploration and evaluation assets.

Sylvain Laberge, a director and officer of the Company provided consulting services to the Company. Fees accrued during the period ended July 31, 2019 were \$15,000 (2018 - \$15,000) expense was recorded in management fees. As at July 31, 2019 the Company owed \$108,575 (April 30, 2019 - \$86,362) related to such services, which is included in accounts payable and accrued liabilities.

Andrew Davidson, a director and officer of the Company provided consulting services to the Company. Fees accrued during the period ended July 31, 2019 were \$15,000 (2018 - \$15,000) expense was recorded in management fees. As at July 31, 2019 the Company owed \$24,375 (April 30, 2019 - \$16,500) related to such services, which is included in accounts payable and accrued liabilities.

Events After The Reporting Period

None

Off-Balance Sheet Arrangements

None.

Critical Accounting Estimates

The Company’s financial statements have been prepared in accordance with IFRS. The preparation of financial statements in accordance with IFRS required management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. Actual results could differ from these estimates. The significant accounting policies used by the Company in this regard are discussed in detail in the notes to the 2019 annual audited financial statements. See Note 2 of the financial statements.

Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's other receivables and accounts payable and accrued liabilities approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2019, the Company had a cash balance of \$22,445 to settle accounts payable and accrued liabilities of \$392,601.

The Company has historically relied on equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms.

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.

Capital Management

The Company's objectives when managing capital are:

- a. to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to continue its exploration programs;
- b. to provide sustained growth and value by increasing equity; and
- c. to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- a. raising capital through equity financings; and
- b. borrowing funds in the form of advances from related parties.

The Company is not subject to any capital requirements imposed by a regulator. There were no changes in the Company's approach to capital management during the current year. The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a daily basis.

Risks and Uncertainties

The following discussion outlines a number of risks that management believes could impact the Company's business.

Financial Risk

Additional funds may be required in the future to finance exploration and development work. The Company has access to funds through the issuance of additional equity and borrowing. There can be no assurance that such funding will be available to the Company under current economic conditions. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or that it will provide the Company with sufficient funds to meet its objectives, which could adversely affect the Company's business and financial condition.

Title to Properties

Although the Company has taken reasonable measures to ensure proper title to its properties, there is no guarantee that titles to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

Industry Conditions

Mineral resource exploration and development involves a high degree of risk that even a combination of careful assessment, experience and know-how cannot eliminate. While the discovery of a deposit may prove extremely lucrative, few properties that undergo prospecting ever generate a producing mine. Substantial amounts may be required to establish ore reserves, develop metallurgical processes and build

mining and processing facilities at a given site. There can be no assurance that the exploration and development programs planned by the Company will result in a profitable mining operation. The economic viability of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size, grade and proximity to infrastructure, as well as the cyclical nature of metal prices and government regulations, including those regarding prices, royalties, production limits, importation and exportation of minerals, and environmental protection. The impact of such factors cannot be precisely assessed but may prevent the Company from providing an adequate return on investment.

Government Regulation

The Company's activities must comply with the applicable legislation on exploration and development, environmental protection, obtaining of permits, and authorization of mining operations in general. The Company believes that it is in compliance in all material respects with such laws. Changing government regulations could have an adverse impact on the Company's operations.

Outlook

Management will continue to manage its funds very rigorously, its primary objective being to optimize return on investment for its shareholders. Its development strategy is focused on the discovery of economically viable deposits that will generate profits from mining and ensure the Company's survival. In applying its development strategy, management will take into account the global exploration context, stock market trends and the prices of copper and other metals.

Outstanding Share Data:

The Company is authorized to issue an unlimited number of common shares.

As of September 25, 2019, the number of common shares of the Company outstanding or reserved for issue under convertible securities is as follows:

Common shares	Number
Outstanding	86,039,934
Issuable under warrants and broker warrants	10,218,333
Issuable under stock options	-
Total diluted common shares	96,258,267