VAL D'OR MINING CORPORATION

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**DATED: April 21, 2021**

## Scope of this Management's Discussion and Analysis and Notice to Investors

This management's discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of April 21, 2021, and complements the audited financial statements of Val-d'Or Mining Corporation ("Val-d'Or Mining" or the "Company"), for the year ended December 31, 2020 and 2019.

All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated. Additional information is provided in the Company's audited financial statements for the year ended December 31, 2020.

The audited financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on April 21, 2021. These documents and more information about the Company are available on SEDAR at www.sedar.com.

Glenn J. Mullan P. Geo., the President and Chief Executive Officer of Val-d'Or Mining, and Michael P. Rosatelli M.Sc., P.Geo., the Vice-President Exploration of Val-d'Or Mining, are the Qualified Persons (as that term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects) who approved the technical disclosure included in this MD&A.

## Forward Looking Statements

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results are summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

## ABOUT VAL-D'OR MINING CORPORATION

The Company, incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under its trading symbol "VZZ".

As at December 31, 2020, Golden Valley Mines Ltd. ("Golden Valley"), a significant shareholder, holds a 39.57 % (December 31, 2019 – 37.15%) interest in the Company.

## MINERAL PROPERTIES

Val-d'Or Mining is a natural resource issuer involved in the process of acquiring and exploring its diverse mineral property assets, most of which are situated in the Abitibi Greenstone Belt of NE Ontario and NW Québec. To complement its current property interests, the Company regularly evaluates new opportunities for staking and/or acquisitions. Outside of its principal regional focus in the Abitibi Greenstone Belt, the Company holds several other properties in Northern Québec (Nunavik) covering different geological environments and commodities.

The Company has expertise in the identification and generation of new projects, and in early-stage exploration. The mineral commodities of interest are diverse, and range from precious and base metals (gold, copper-zinc-silver, nickel-copper-PGE) to industrial and energy minerals. After the initial value creation in the 100%-owned, or majority-owned properties, the Company seeks option/joint venture partners with the technical expertise and financial capacity to conduct more advanced exploration projects.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Val-d'Or Mining strives to ensure that exploration activities on its properties in Ontario and Québec support environmental sustainability and that it makes efforts to contribute to the socio-economic advancement of communities where its properties are located. Val-d'Or Mining also makes every effort to ensure that it meets all required standards of corporate governance, following industry best practices and satisfying legal and regulatory requirements.

## CORPORATE DEVELOPMENTS IN 2020

In fiscal year 2020, the Company undertook two financings:

1) *Non-brokered Private Placement*

In March 9, 2020, the Company announced that it conducted a non-brokered private placement offering, which offering was completed on May 7, 2020. The Company issued 5,333,332 Units at a per Unit price of $0.075 for gross proceeds of $400,000. Each Unit consisted of one common share in the capital of the

Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling to the purchase of one common share at a per share price of $0.10 until May 7, 2022.

*2) Non-brokered Private Placement of Flow-through Common Shares*

In June 23, 2020, the Company announced that it conducted a non-brokered private placement offering for $310,000 of flow-through common shares, which offering was subsequently increased on June 26, 2020 to an amount of $360,000. The private placement was completed on July 3, 2020. The Company issued 1,500,000 Flow-through Shares at a per share price of $0.24 for gross proceeds of $360,000.

## MANAGEMENT OF THE PROPERTY PORTFOLIO

A majority of the Company's property portfolio was acquired from Golden Valley during the original spin-out transaction (refer to Golden Valley's materials of Annual and Special Meeting of Shareholders June 30, 2011) and then subsequently through a mining option agreement. Over time, the Company has complemented this property portfolio with additional properties.

The Company's strategic plan includes ground exploration work through initial ground prospecting efforts with successive actively managed exploration programs as targets and geological ideas are refined. As programs evolve, they often require more external expertise and larger financial commitments. This is when the Company normally seeks joint venture or option partners on a property-by-property basis. These transactions create free-carried interests and/or royalties from net smelter returns ("NSR"), along with cash or equity compensation which is then redeployed.

To enhance the ability to enter into new partnerships and joint ventures with other arms-length partners on some of our properties, the Company renegotiated several historic contracts to simplify the respective ownership and royalty structures as follows:

- Renegotiated and vested the Golden Valley Mines Option Agreement (refer to the Company's news release dated December 5, 2019);
- Renegotiated CapEx Group Inc. legacy NSR Agreements related to Golden Valley qualifying transaction (for further details see the section "*Transactions in 2020*" below);
- Renegotiated CapEx Group Inc. legacy NSR Agreement related to Shoot-Out transaction (for further details see the section "*Transactions in 2020*" below); and
- Renegotiated and vested the 2973090 Canada Inc. Boston Bulldog Option Agreement (for further details see the section "*Transactions in 2020*" below).

## PROPERTY PORTFOLIO AS OF DECEMBER 31, 2020

As of December 31, 2020, Val-d'Or Mining's property assets included 100% ownership interests in a total of 47 active properties covering an area of 33,818 hectares. Divided by its principal areas of interest, the property ownership was as follows:

| | | |
|---|---|---|
| Ontario | 13 properties | 13,710 hectares |
| Québec | 30 properties | 11,337 hectares |
| Québec North | 4 properties | 8,771 hectares |

In addition to the active property holdings, the Company has NSRs in three groups of properties, which are operated by different companies, covering an area of 18,447 hectares. Divided by its principal areas of interest, the royalty ownership was as follows:

| | | |
|---|---|---|
| Ontario | 2 group of properties | 5,628 hectares |
| Québec | 1 group of properties | 12,819 hectares |

### MANAGEMENT OF THE PROPERTY PORTFOLIO

As part of its ordinary business activities, the Company stakes new claims to enhance existing properties or to pursue new geological ideas and/or drops claims that are no longer considered to be material based on results or changing commodity prices over time.

However, most changes to the Company's property portfolio during 2020 came from transactions, pursuant to which the Company sold properties for equity consideration along with the retention of an NSR (for further details see the section "*Transactions in 2020*" below).

Activity related to staking and dropping claims was reduced as a direct result of COVID-19 measures implemented by the *Ministère de l'Énergie et des Ressources naturelles* ("MERN") in Québec and the *Ministry of Northern Development and Mines* ("MNDM") in Ontario, whereby claim owners were granted an automatic extension of time (Québec) or could apply for an exclusion of time through the Mining Lands Administration System("MLAS") (Ontario). This consequently removed the urgency from properties in carrying out exploration expenditures or field activity that otherwise may have been deficient.

Following the significantly reduced activity in the second quarter of 2020, the conditions improved sufficiently during the third quarter of 2020 to allow the Company to commence field exploration programs as follows:

- Oregon Prospecting Program - the Company completed its 2020 prospecting and mapping program at the Oregon Prospect. The results of this program have confirmed the Company's model of an intrusive-hosted, bulk tonnage gold deposit. A follow-up program of selective overburden stripping, bedrock cleaning and detailed geological / structural mapping is planned over the known mineralized gold showings and other prospective geological targets, as the Company prepares for its upcoming maiden drill campaign on the property (refer to the Company's news release dated July 15, 2020, August 13, 2020 and September 3, 2020).

- Magoma Prospecting Program – the Company completed its 2020 prospecting and sampling program at the Magoma Prospect, with the objective of identifying strike extensions of the historical gold mineralization and to explore for potential parallel mineralized zones. A follow-up program of selective overburden stripping, bedrock cleaning and detailed geological/structural mapping is planned for the next stage of exploration at the Magoma Prospect (refer to the Company's news releases dated September 10, 2020 and November 19, 2020).

Several other field-based exploration programs, with a combined budget of approximately $330,000, are ongoing and/or scheduled for completion in 2021.

Active field exploration programs complemented by partner-financed programs include:

- Sparton Resources Inc completed in 2020 a Geophysical and Drill Program on the Company's Powell NSR property (refer to the Company's news release dated November 25, 2020); and,

- Juno Corp completed in 2020 a Geophysical and Drill Program on our Luc Bourdon NSR property (refer to the Company's news release dated November 25, 2020).

## TRANSACTIONS IN 2020

In fiscal 2020, the Company made several changes to its portfolio of mineral properties, which include but are not limited to the following:

*a) NSR Agreement with CapEx Group Inc. and 2973090 Canada Inc.*

The Company entered into an NSR Purchase Agreement dated December 9, 2020 (the "NSR Purchase Agreement") with CapEx Group Inc. ("CapEx"), a private company and 2973090 Canada Inc. ("2973090"), a private company wholly-owned and controlled by a director and the Chair, President and Chief Executive Officer of the Company pursuant to which the Company purchased and concurrently cancelled net smelter return royalties on various 100% owned properties. The Company issued an aggregate of 1,300,000 common shares in consideration for the purchase and cancellation of all net smelter return royalties, of which 650,000 common shares were issued to 2973090.

*b) Sale of Ducros Prospects*

In October 27, 2020, the Company announced a property transaction with Québec Nickel Corp. ("QNC"), an arms-length privately-owned corporation. The Company sold a consolidated land package that consisted of several of its existing nickel-copper-PGE properties located in Ducros Township (namely Ducros Fortin, Ducros Sill, Lac Ducros, Township Line, and U-Turn) together with some newly staked claims. The group of properties and claims combined consists of 242 mining claims, and is approximately 12,818 ha in size and prospective for sulphide nickel, copper, PGE's and gold.

In consideration for the properties, QNC issued 3,589,341 special warrants to the Company, of which Golden Valley received 80,880 special warrants in accordance with the terms of the amended and restated option agreement between the Company and Golden Valley dated November 28, 2019. One business day prior to the date that QNC's shares are listed on a Canadian exchange, each special warrant will, for no additional consideration, be automatically converted into one common share of QNC. Upon conversion of the special warrants, the aggregate number of shares held by the Company and Golden Valley will amount to approximately 9.99% of the then issued and outstanding shares of QNC.

In addition, the Company was granted a royalty of 1.5% of the net smelter returns from the properties which were vended under the agreement, as well as those properties which were staked or will be otherwise acquired by QNC within an area of influence. Commencing on the 4$^{th}$ anniversary of the date of the purchase agreement, QNC is to pay to the Company advance minimum yearly royalty payments of $10,000.

*c) Sale of Powell Prospect*

In February 18, 2020, the Company announced the sale of its Powell Prospect, which is located in the Matachewan gold camp of the Abitibi Greenstone Belt region of Ontario. The purchaser of the property is Sparton Resources Inc. (“Sparton”).

In consideration for a 100% interest in the property the Company received 1,000,000 shares in the share capital of Sparton, and the Company retained a 2.0% NSR from the property. 50% of the 2% NSR (or 1%) may be purchased by Sparton at any time after the acquisition of the claims for US$2.5 million. The Powell Prospect consists of two (2) mining claim cells (43 ha).

## OBJECTIVES FOR 2021

The objective for the remainder of 2021 continues to be to advance and enhance the quality of the Company’s portfolio of mineral properties. This will include limited active exploration on existing properties and it may include further property transactions. The Company will require significant capital in order to fund its operating commitments as the Company has no revenues and is reliant upon equity financing to fund all of its requirements.

## DETAILS ABOUT OTHER CONTRACTUAL OBLIGATIONS REGARDING CERTAIN MINERAL PROPERTIES

The Company acquires and disposes of its properties as part of its ordinary business. In the case of property acquisitions from third parties, there may be contractual obligations. A description of significant contracts and certain specific obligations follows:

***a) Amended Mining Option Agreement and Exercise of Option with Golden Valley***

In April 18, 2017, the Company signed an Option Agreement with Golden Valley to acquire a 100% interest in a group of properties located in the Abitibi Greenstone Belt consisting of 61 grassroots properties. This Agreement was subsequently amended on November 28, 2019, and the Company exercised its option on December 5, 2019.

In fiscal 2020, the Company issued 8,333,334 common shares, with a fair value of $1,291,667, to Golden Valley, as partial and final satisfaction of consideration for the acquisition by the Company from Golden Valley of the 100% interest in the group of properties in accordance with the terms of the amended agreement between the Company and Golden Valley dated November 28, 2019.

Golden Valley is eligible to receive 20% of the proceeds of all third-party transactions pertaining to the properties that Val-d’Or Mining enters into and announces on or before December 31, 2022. Further, the properties are subject to a royalty in favour of Golden Valley Mines equal to 1.25% of the net smelter returns, whereby Val-d’Or Mining has a partial buyback right. The partial buyback right pertains to each individual property, whereby 1% may be bought for $500,000 on a property-by-property basis with a maximum total consideration of $5,000,000 at which point in time the NSR royalty on all the properties would be reduced by 1.0%.

***b) <u>Boston Bulldog Prospect -Kirkland Lake, Ontario</u>***

In February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, March 24, 2017, January 19, 2018, March 5, 2019, and April 7, 2020, pursuant to which it has been granted by 2973090 Canada Inc. an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty.

In December 9, 2020, the Company entered into an agreement (the "Amendment Agreement") with 2973090 to further amend a Mining Option Agreement relating to the Boston Bulldog Prospect to remove the requirement to incur exploration expenditures on the property in the aggregate amount of the $50,000 by April 7, 2021, and to remove the 3% NSR commitment. As consideration for the amendments, the Company issued 200,000 common shares, with a fair value of $18,000, to 2973090, following which the Company have fully exercised the option and acquired 100% ownership of the Boston Bulldog Prospect.

***c) <u>Shoot-Out Prospect</u>***

The Shoot-Out Prospect is the combination of several properties, which are located in the Raglan Belt (Nunavik) of northern Québec. The Company has a 100% ownership interest in these properties whereby several claims were subject to a 3% NSR in favour of the original vendors, prior to the NSR Agreement as described above.

***d) <u>Fortin Prospect</u>***

The Fortin Prospect is located in the central part of Ducros Township, approximately 80 kilometres northeast of the City of Val-d'Or, Québec, and consists of 5 contiguous mining claims covering 200 ha. The Company holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at any time with a 0.5% buyback for $500,000 and 1% buyback for $1,000,000.

## SELECTED FINANCIAL INFORMATION

### FINANCIAL CONDITION REVIEW

| | As at December 31, 2020 | 2019 |
|---|---|---|
| Cash and cash equivalents | $ **639,255** | $ 30,366 |
| Investments | **1,535,534** | 727,653 |
| Tax credit receivable | **1,447** | 93,336 |
| Due from related parties | **708** | 43,463 |
| Other current assets | **52,993** | 56,326 |
| Exploration and evaluation assets | **154,728** | 173,435 |
| Royalty interests | **-** | 8,378 |
| Other long-term assets | **2,919** | 4,865 |
| **TOTAL ASSETS** | $ **2,387,584** | $ 1,137,822 |
| | | |
| Accounts payable and accrued liabilities | **61,930** | 83,768 |
| Flow-through premium liability | **147,010** | - |
| Long-term debt | **40,000** | - |
| Other liabilities | **2,354** | 4,364 |
| Total Liabilities | $ **251,294** | $ 88,132 |
| | | |
| Total Equity | $ **2,136,290** | $ 1,049,690 |
| | | |
| **TOTAL LIABILITIES & EQUITY** | $ **2,387,584** | $ 1,137,822 |

### ASSETS

*Cash and cash equivalents*

The Company ended fiscal year 2020 with cash and cash equivalents of $639,255 compared to $30,366 in fiscal year 2019. The improvement in the Company's cash position relates to two completed non-brokered private placements for combined gross proceeds of $760,000; specifically, the Company issued 5,333,332 Units at a per Unit price of $0.075 for gross proceeds of $400,000 in May 7, 2020 and issued 1,500,000 Flow-through Shares at a per share price of $0.24 for gross proceeds of $360,000 in July 3, 2020. Moreover, for the year ended December 31, 2020, 1,380,000 share purchase warrants were exercised for total proceeds of $138,000.

*Investments*

The current portion of investments of $50,000 (December 31, 2019 - $nil) is comprised of marketable securities representing shares of a publicly traded mining exploration company that are recorded at fair value using quoted market prices.

Short-term portion of investments of $727,653 as at December 31, 2019 is comprised of common shares of private mining exploration companies that do not have a quoted market price in an active market. The Company assessed a fair value on these shares based on techniques and assumptions that emphasize both qualitative and quantitative information.

The long-term portion of investments of $1,485,534 as at December 31, 2020 is comprised of common shares with a fair value of $1,327,653 (December 31, 2019 -$nil) and special warrants with a fair value of $157,881 (December 31, 2019 -$nil) of private mining exploration companies.

*Tax credit receivable*

Tax credit receivable of $1,447 (December 31, 2019 - $93,336) relate to government tax mining credits, which has been applied against the exploration and evaluation costs to which it relates.

*Due from/to related parties*

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other.

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2020, the Company had a net receivable balance of $708 (December 31, 2019 – net receivable of $43,463) due from related parties of which $1,753 (December 31, 2019 –$8,400) was due from Golden Valley, $1,150 (December 31, 2019 – $1,348) was due to a company controlled by the President, and of $105 (December 31, 2019 –$36,411) due from companies related by common management.

*Other current assets*

Other current assets mainly relate to sales taxes recoverable of $10,258 (December 31, 2019 - $10,802), deposits of $24,185 (December 31, 2019 - $17,500) held with Ministère de l'Énergie et des Ressources Naturelles for claims staking and management on corporate owned properties, an advance of $11,604 (December 31, 2019 - $11,604) held with one of the Company's suppliers for geophysics services and prepaid insurance of $5,724 (December 31, 2019 - $11,624).

*Exploration and evaluation assets*

Exploration and evaluation assets increased to $154,728 as at December 31, 2020 compared to $173,435 as at December 31, 2019 as a result mainly of net additions amounting to $1,378,251, net of recognition of an impairment charge of $1,363,550 and disposals of $24,880 relating to sale of mineral properties.

Additions to Exploration and evaluation assets for fiscal year 2020 were for prospecting, sampling and mapping programs of properties in the Abitibi Greenstone Belt of Québec totalling $36,115, mining option share payment of $1,291,667 on issuance of 8,333,334 common shares of the Company to Golden Valley, mining option share payment of $18,000 on issuance of 200,000 common shares of the Company to 2973090 and resource property costs of $117,000 relating to the NSR Agreement with CapEx and 2973090 as described above.

At each reporting period, the Company performs a comprehensive review of the recoverability of its properties in light of the objective of advancing and enhancing a limited number of key properties.

## LIABILITIES AND EQUITY

Total liabilities of $251,294 as at December 31, 2020 (compared to $88,132 as at December 31, 2019) consisted of trade payables of $61,930 (December 31, 2019 - $83,768), loan of $40,000 (December 31, 2019 - $nil) relating to the Canada Emergency Business Account interest-free loan to cover operating costs, which repayment on or before December 31, 2022 will result in a loan forgiveness of $10,000, lease liabilities of $2,354 (December 31, 2019 - $4,364) and a flow-through premium liability of $147,010 (December 31, 2019 - $nil) as discussed below.

*Flow-through premium liability*

As previously discussed, the Company issued 1,500,000 Flow-Through Common Shares (the "FT Shares") under the Offering at a price of $0.24 per FT Share for gross proceeds of $360,000. The flow-through shares were issued at a premium of $0.11 per share to the current market price of the Company's shares at the day of issue. The premium was recognized as a liability at $157,322 with a subsequent pro-rata reduction of the liability recognized, as flow-through premium income, as required expenditures were incurred. For the year ended December 31, 2020, $10,312 in flow-through share premium was reallocated to other income from settlement of flow-through as a result of the Company incurring qualifying exploration expenditures during the year.

*Total Equity*

Total equity as at December 31, 2020 was $2,136,290 compared to $1,049,690 as at December 31, 2019, an increase of $1,086,600, mainly from the fair value of $1,291,667 from the issuance of 8,333,334 common shares of the Company relating to the mining option agreement with Golden Valley, combined gross proceeds of $760,000 received from the issuance of 5,333,332 units and of 1,500,000 Flow-through shares under the two recently completed non-brokered private placement, offset by the net loss of $1,190,209 for the year ended December 31, 2020.

## DISCUSSION AND RESULTS OF OPERATIONS

This table presents selected information for the years ended December 31, 2020, 2019 and 2018:

| | | For the year ended. December 31, | | | | |
|---|---|---|---|---|---|---|
| | | **2020** | | **2019** | | **2018** |
| Operating expenses | $ | **1,984,635** | $ | 1,809,067 | $ | 603,930 |
| Other expenses (income) | | **(794,426)** | | (641,451) | | 2,962 |
| **Net loss and comprehensive loss** | $ | **1,190,209** | $ | 1,167,616 | $ | 606,892 |
| **Basic and diluted loss per common share** | $ | **(0.022)** | $ | (0.028) | $ | (0.018) |

The net loss for fiscal year 2020 was $1,190,209 (or $0.022 loss per share) compared to $1,167,616 (or $0.028 loss per share) and $606,892 (or $0.018 loss per share) for fiscal years 2019 and 2018, respectively.

Operating expenses for fiscal year 2020 of $1,984,635 (2019 - $1,809,067) included an impairment charge of $1,363,550 (2019 - $1,341,629) on Exploration and Evaluation assets as the Company conducted a comprehensive review of its properties in light of the objective of advancing and enhancing a limited number of key properties as well as the significant capital required in order to fund its operating commitments as the Company has no revenues and is reliant upon equity financing to fund all of its requirements. The impairment on exploration and evaluation assets of $1,363,550 in fiscal year 2020 mainly included the payments of $1,291,667 representing the issuance of 8,333,334 common shares of the Company pursuant to the mining option agreement with Golden Valley and a payment of $117,000 representing the issuance of 1,300,000 common shares of the Company for the purchase and cancellation of all net smelter return royalties with CapEx and 2973090 as described above.

Operating expenses for fiscal year 2020 also included share-based payment of $171,023 from the grant of 1,311,350 incentive stock options at an exercise price of $0.15 per share. In addition, exploration and evaluation expenses, consulting fees and salaries and other employee benefits were higher for fiscal year 2020 due to lower capitalization of these expenses to Exploration and Evaluation assets in 2020 resulting from the Company's review of the recoverability of its properties at each reporting period, offset by decreases in travel expenses from costs containment measures and effects of COVID-19 imposed travel restrictions.

Other income of $794,426 for the fiscal year 2020 included a gain on sale of $175,586 consisting of $150,543 and $25,043 relating to the sale transactions with QNC and Sparton, respectively; and, an unrealized gain of $607,458 on the fair value of investments held by the Company.

Other income of $641,451 for the fiscal year 2019 included a gain of $644,219 on sale of mineral properties, consisting of $355,716 relating to the sale of properties to Progenitor Metals and of $288,503 relating to the sale of a property to Juno Corp.

## CASH FLOW REVIEW

| | For the year ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Operating activities | **$ (413,576)** | $ (419,392) |
| Investing activities | **148,793** | (346,432) |
| Financing activities | **873,672** | 168,982 |
| **Increase (decrease) in cash and cash equivalents** | **$ 608,889** | $ (596,842) |

Operating activities for fiscal year 2020 resulted in cash outflows of $413,576, consistent with cash outflows of $419,392 in fiscal year 2019. Cash outflows from operating activities in 2020 mainly relate to exploration and evaluation expenses, professional fees and salaries and other employee benefits.

Investing activities for fiscal year 2020 resulted in cash inflows of $148,793 compared to cash outflows of $346,432 in fiscal year 2019. The improvement in cashflows from investing activities in 2020 relate to the receipt of mining tax credits amounting to $184,908 and lower additions to exploration and evaluation assets.

Financing activities for fiscal year 2020 resulted in cash inflows of $873,672 compared to cash inflows of $168,982 in fiscal year 2019. The improvement in cashflows from financing activities in 2020 relate to the recently completed non-brokered private placements for combined gross proceeds of $760,000 and proceeds of $138,000 from the exercise of share purchase warrants as discussed above.

### SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the 8 most recently completed quarters as derived from the Company's respective financial statements and notes thereto. The following information should be read in conjunction with the referenced financial statements, and the notes to those statements.

| | Dec 2020 | Sept 2020 | Jun 2020 | Mar 2020 | Dec 2019 | Sept 2019 | Jun 2019 | Mar 2019 |
|---|---|---|---|---|---|---|---|---|
| Operating expenses | $ 735,056 | $ 100,415 | $ 1,012,299 | $ 136,865 | $ 1,467,273 | $ 83,235 | $ 118,465 | $ 140,094 |
| Other expenses (income) | (641,262) | (72,216) | (55,772) | (25,176) | (619,339) | (23,082) | 585 | 385 |
| **Net loss and comprehensive loss** | **$ 93,794** | **$ 28,199** | **$ 956,527** | **$ 111,689** | **$ 847,934** | **$ 60,153** | **$ 119,050** | **$ 140,479** |
| Basic and diluted net loss per common share | $ (0.002) | $ (0.000) | $ (0.019) | $ (0.002) | $ (0.020) | $ (0.001) | $ (0.003) | $ (0.004) |

Net loss for the three months ended December 31, 2020 of $93,794 mainly relates to the 4,166,667 common shares being issued in November 2020, fair valued at $541,667, pursuant to the Mining Option Agreement with Golden Valley and 1,300,000 common shares being issued in December 2020, fair valued at $117,000, in consideration for the purchase and cancellation of all net smelter return royalties under the NSR Agreement with CapEx Group Inc. and 2973090 Canada Inc, net of the gain on sale of mineral properties of $150,543 relating to the sale of several properties to QNC and of the unrealized gain of $562,458 on the fair value of investments held by the Company.

### LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

Management routinely plans future activities including forecasting cash flows. Based on the Company's current development plan and operating commitments, the Company will have to raise additional financing.

Please refer to the Risk and Uncertainties section for more information.

## Off balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at December 31, 2020 or as at the date of this MD&A.

## Critical Accounting Estimates

The critical judgements and estimates are disclosed in note 5 of the audited financial statements.

## Information on Outstanding Securities

The following table sets out the number of common shares, warrants and options outstanding as of the date hereof:

| | | |
|---|---|---|
| **Common shares outstanding:** | | 64,911,938 |
| **Stock options exercisable:** | | 6,461,443 |
| Average exercise price of: | $ | 0.12 |
| **Warrants outstanding:** | | 4,046,838 |
| Average exercise price of: | $ | 0.12 |

| **Stock options outstanding:** | | | |
|---|---|---|---|
| **Expiry date** | | **Exercise price** | **Number of stock options outstanding** |
| May 16, 2021 | $ | 0.065 | 422,500 |
| February 5, 2023 | $ | 0.105 | 2,025,000 |
| October 24, 2023 | $ | 0.110 | 470,097 |
| June 17, 2024 | $ | 0.075 | 617,263 |
| June 26, 2025 | $ | 0.150 | 1,311,350 |
| February 22, 2026 | $ | 0.130 | 1,615,233 |
| | | | 6,461,443 |

| **Warrants outstanding:** | | | |
|---|---|---|---|
| **Expiry date** | | **Exercise price** | **Number of warrants outstanding** |
| October 18, 2021 | $ | 0.150 | 1,159,090 |
| May 7, 2022 | $ | 0.100 | 2,797,332 |
| July 3, 2022 | $ | 0.240 | 90,416 |
| | | | 4,046,838 |

On February 22, 2021, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 1,615,233 common shares at an exercise price of $0.13 per share. The options are exercisable for a period of 5 years until February 22, 2026 and are exercisable on vesting.

## Related Party Transactions

*a) Transactions with a shareholder*

Effective July 1, 2020, the Company entered into a Cost Sharing Arrangement (the "Sharing Agreement") with Golden Valley, pursuant to which Golden Valley will provide certain management and financial services such as office space and administrative support relating to the exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9., in consideration of $8,919 per year (the “reimbursement"), payable on a monthly basis. The Sharing Arrangement provides for the reimbursement to be reviewed on an annual basis.

For the year ended December 31, 2020, Golden Valley recharged claim renewal fees and administrative expenses to the Company for a total amount of $5,741 (2019 - $73,737), of which $nil (2019 - $42,003) was capitalized as Exploration and Evaluation assets and the remaining $5,741 (2019 - $31,734) was recorded in the statements of net loss and comprehensive loss.

For the year ended December 31, 2020, the Company incurred no consultant fees (2019 - $24,000) from Golden Valley relating to the services of the Company’s CFO.

For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2020, the Company had net receivable of $1,753 (December 31, 2019 - receivable of $8,400) due from Golden Valley.

*b) Transactions with key management*

Key management personnel of the Company is comprised of the members of the Board of Directors, as well as the President, the Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO") and the Vice-President Exploration ("VP Exploration").

For the year ended December 31, 2020, the Company incurred consulting fees of $6,000 (2019 - $nil) with the CEO which was recorded under exploration and evaluation expenses in the statements of net loss and comprehensive loss. As at December 31, 2020, the amount of $1,150 (December 31, 2019 - $nil) was due to the CEO.

For the year ended December 31, 2020, the Company incurred consulting fees of $96,000 (2019 - $96,000) with the COO of which $nil (2019 - $54,000) was capitalized as Exploration and Evaluation asset, $72,000 (2019 - $nil) was recorded under exploration and evaluation expenses and $24,000 (2019- $42,000) was recorded under consulting fees in the statements of net loss and comprehensive loss. As at December 31, 2020, no amount (December 31, 2019 - $15,119) was due to the COO, which was recorded in accounts payable and accrued liabilities.

Moreover, for the year ended December 31, 2020, no consulting fees was recharged (2019 - $48,000 of which $24,000 was offset against Exploration and Evaluation asset and $24,000 was offset against consulting fees in the statements of net loss and comprehensive loss) to International Prospect Ventures Ltd, an entity that has common key management personnel with the Company, for the services provided by the Company’s COO.

For the year ended December 31, 2020, the Company incurred fees of $67,347 (2019 - $103,773) with the VP Exploration of which $9,323 was capitalized as Exploration and Evaluation asset (2019 - $71,949) and $58,024 (2019 - $30,127) was recorded under exploration and evaluation expenses in the statements of net loss and comprehensive loss As at December 31, 2020, the amount of $6,735 (2019 - $19,805) is due to the VP Exploration, which is recorded in accounts payable and accrued liabilities.

For the year ended December 31, 2020, the Company granted stock options to key management personnel to purchase an aggregate 1,220,000 common shares of the Company. The Company recorded a stock-based compensation of $159,110 as part of this transaction.

*c) Transactions with related parties*

For the year ended December 31, 2020, the Company incurred fees of $7,000 (2019 -$42,000) with an individual, the spouse of the President, as part of a consulting agreement for corporate finance and advisory services. These fees were recorded under consulting fees in the statements of net loss and comprehensive loss.

For the year ended December 31, 2020, the Company incurred rent and occupancy fees of $3,000 (2019 - $12,000) with a company controlled by the President of which $nil (2019 - $6,750) was recorded under Exploration and Evaluation asset and $3,000 (2019 - $5,250) was recorded in the statements of net loss and comprehensive loss.

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2020, the Company had a net receivable balance of $708 (December 31, 2019 – net receivable of $43,463) due from related parties of which $1,753 (December 31, 2019 –$8,400) was due from Golden Valley, $1,150 (December 31, 2019 – $1,348) was due to a company controlled by the President, and of $105 (December 31, 2019 –$36,411) due from companies related by common management.

## COMMITMENTS

a) The Company entered into a consulting agreement with the CEO for an annual payment of $12,000. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to $200,000 if the consulting agreement is terminated by the Company, and $100,000 if the consulting agreement is terminated by the CEO within six months from the date of change of control.

b) The Company entered into a consulting agreement with the COO for an annual payment of $96,000. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to $200,000 if the consulting agreement is terminated by the Company, and $100,000 if the consulting agreement is terminated by the COO within six months from the date of change of control.

c) The Company entered into a consulting agreement with the VP Exploration for an annual payment of $13,390. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to $200,000 if the consulting agreement is terminated by the Company, and $100,000 if the consulting agreement is terminated by the VP Exploration within six months from the date of change of control.

d) As at December 31, 2020 and April 21, 2021, the Company has still to incur exploration expenditures in an amount of $336,402 and $324,326 from its flow-through funds, respectively.

e) The Company has entered into a long-term agreement for the lease of an equipment expiring on July 25, 2022, which will require total lease payments of $11,768. The minimum lease payments for the next years are $2,769 in 2021 and $1,384 in 2022.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The changes in accounting policies including those that have not been adopted are explained in note 4 of the audited financial statements as at December 31, 2020.

## RISKS RELATED TO FINANCIAL INSTRUMENTS

Please refer to Note 22 of the audited financial statements for the year ended December 31, 2020, for a full description of these risks.

## RISKS AND UNCERTAINTIES

An investment in the common shares of the Company involves a high degree of risk and must be considered highly speculative due to the financial and operational risks inherent to the nature of the Company's business and the present stage of exploration and development of its mineral resource properties. These risks may affect the Company's eventual profitability and level of operating cash flow. Prospective buyers of the common shares of the Company should consider the following risk factors:

*COVID-19*

At this time, the extent of the impact the COVID-19 pandemic may have on the Company is unknown 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. Adverse effects of coronavirus developments on consumer confidence, market stability and public health creates uncertainties on macroeconomic conditions and may also result in closures, cancellations of, or reductions in operations or production on properties where the Company holds interests.

*Climate Change*

The Company has its own properties and properties under option agreements in various regions and jurisdictions where environmental laws are evolving and are not consistent. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased costs directly or indirectly affecting the Company. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could have an adverse financial impact on operations located in the regions where these conditions occur, directly or indirectly impacting the business of the Company.

*Investment of Speculative Nature*

Investing in the Company, at this early stage of its development, is of a highly speculative nature.

*Nature of Mineral Exploration and Mining*

There is no known mineral resource on the Company's properties. Mineral exploration and development involve a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

*Exploration and Development Risks*

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

*Additional Financing*

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

*Stress in the Global Economy and Financial Condition*

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Adverse effects of coronavirus developments (COVID-19) on consumer confidence, market stability and public health creates uncertainties on macroeconomic conditions and may also result in closures, cancellations of, or reductions in operations or production on properties where the Company holds royalty interests or investments.

*Permits and Licenses*

There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

*Competition*

The mineral exploration and mining business is competitive in all of its phases. There is no assurance that the Company will be able to compete successfully with the competition in acquiring suitable properties or prospects for mineral exploration.

*No Assurance of Title to Property*

The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects.

*Dependence on Key Individuals*

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

*Political Regulatory Risks*

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

*Conflicts of Interest*

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

*Insurance*

The Company will remain at risk and will be potentially subject to liability for hazards associated with mineral exploration which it cannot insure against or which it has elected not to insure against because of premium costs or other reasons.

*Influence of Third-Party Stakeholders*

Claims by third parties on the lands in which the Company holds interests, or the exploration equipment and road or other means of access which the Company intend to utilize in carrying out work programs or general exploration mandates, even if not meritorious, may create delays resulting in significant financial loss and loss of opportunity for the Company.

*Fluctuation in Market Value of Shares*

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity. The future effect of these and other factors on the market price of Company's shares on the Exchange cannot be predicted.