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TSX-V: KES

**KESSELRUN RESOURCES LTD.  
MANAGEMENT DISCUSSION AND  
ANALYSIS FOR  
THE THREE MONTHS ENDED  
OCTOBER 31, 2020 AND 2019**

## INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of Kesselrun Resources Ltd. (the “Company” or “Kesselrun”), has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of December 21, 2020, and should be read in conjunction with unaudited interim condensed financial statements for the three months ended October 31, 2020, and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a “Venture Issuer” as defined in National Instrument 51-102. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company’s website at <http://www.kesselrunresources.com>.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Company’s management as well as assumptions made by and information currently available to the management. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company’s exploration properties. Such statements reflect the current views of the management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or the Company’s achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## COMPANY OVERVIEW

### Background

Kesselrun is a Canadian mineral exploration company based in Thunder Bay, Ontario. The Company’s principal focus is its Bluffpoint property (“Bluffpoint”), comprising of 280 mining claims covering approximately 8,857 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario, and its Huronian Property, covering 290 contiguous unpatented mining claims plus four patented mining claims totaling approximately 5,160 hectares located in Moss Township, Thunder Bay Mining Division, Ontario. The Company does not have any assets or mineral properties that are in production.

The Company was incorporated on May 18, 2011, pursuant to the Business Corporations Act, British Columbia, and was a capital pool company (“CPC”) under the TSX Venture Exchange (“TSX-V”) Policy 2.4. On July 18, 2012, the Company completed its qualifying transaction by entering into an option agreement to acquire 100% interest in Bluffpoint property and changing its name to “Kesselrun Resources Ltd.”

## EXPLORATION PROJECTS

As of the date of this MD&A the Company's interest in exploration and evaluation assets consists of the Bluffpoint Property and the Huronian Property (Figure 1).

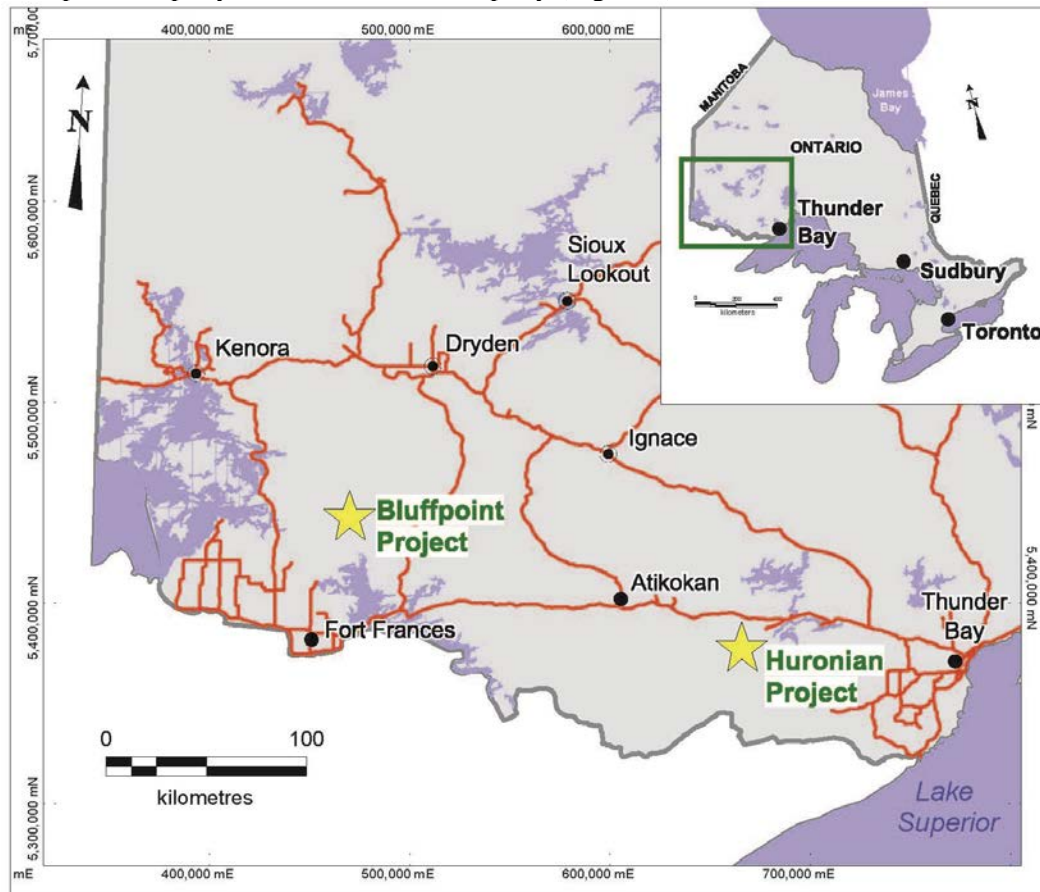


Figure 1. Project Locations

Table 1. Project sizes, claims and location

	Bluffpoint Property	Huronian Property
Area (ha)	8,857	5,160
Boundary Mining Claims	11	99
Single Cell Mining Claims	269	191
Total Mining Claims	280	290
Mining Patents	-	2
Mining + Surface Patents	-	2
Total Patents	-	4
Township/Area	Bluffpoint Lake Area	Moss Township, Nelson Lake Area, Powell Lake Area

## **BLUFFPOINT PROPERTY**

### **Location and General Description**

The Bluffpoint Property is located in the Bluffpoint Lake Area in the Kenora Mining Division of Northwestern Ontario, approximately 60 km north of the town of Fort Frances and 80 km southwest of the town of Dryden. The property is centred on UTM NAD 83 Zone 15N 472,000 m E, 5,448,000 m N within NTS Map Sheet 52F/03. The Bluffpoint Property is approximately 8,857 hectares in size and comprised of 11 boundary cell mining claims and 269 single cell mining claims. The Bluffpoint Property is owned 100% by the Company subject to various net smelter returns royalties.

The Bluffpoint Property is situated in the Pipestone-Cameron-Manitou Greenstone Belt and the Lawrence Lake Batholith located in the Wabigoon Subprovince of the Archean Superior Province. The Bluffpoint Property hosts two distinct styles of gold mineralization; granitic hosted and greenstone hosted gold. The granitic hosted gold mineralization has been the focus of the majority of the Company's exploration activities centred around Northern, Homestake and Southern zones.

### **Acquisition**

On March 31, 2012, the Company entered into Property Option Agreement (the "Option Agreement") with Michael Thompson (the "Initial Optionor") to acquire up to a 100% interest in 56 mining claims covering 11,408 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario (the "Bluffpoint Property").

The original Option Agreement contained two options. The first option allowed the Company to acquire a 60% undivided interest in the Bluffpoint Property by issuing 4,000,000 common shares and paying the Initial Option \$200,000 within a two-year period. The second option allowed the Company to acquire a further 40% interest in the Bluffpoint Property by making an additional payment of \$200,000 and issuing 2,000,000 common shares.

On April 30, 2013, in a private transaction, the Initial Optionor assigned 2/3's of his interest in the Option Agreement to Caitlin Jeffs and Neil Pettigrew (collectively referred to hereafter as the "Optionors").

On April 30, 2013, the Optionors and the Company agreed to amend the Option Agreement reducing the cash payment and share issuance requirements for the Company to earn a 100% interest in the Bluffpoint Property. As per amended Option Agreement, the Company was granted an exclusive right to acquire 100% interest in Bluffpoint Property by paying an additional \$200,000 and issuing an additional 2,000,000 common shares to the Optionors. The option was exercised on September 24, 2013, upon receiving an approval from TSX Venture Exchange.

The Bluffpoint Property is subject to a net smelter returns royalty (the "NSR") payable to the Optionors equal to a 2.0% NSR, of which 1.0% may be purchased by the Company at any time for the payment of \$1,000,000; leaving the Optionors with a final 1.0% NSR. If the Optionors decide to dispose of the remaining 1.0% NSR, the Company shall have the first right of refusal to acquire that remaining 1% NSR on the same terms and conditions that the Optionors propose to dispose of their NSR. If the Optionors propose to dispose of their NSR, the Optionors shall deliver to the Company written notice of the Optionors' intention to dispose of their NSR and the terms of the proposed disposition.

During Fiscal 2019, the Company acquired 96 units, approximately 3,210 hectares in size; an additional 65 units, approximately 1,040 hectares in size, were acquired during the current period. The new claims were

acquired in the names of Michael Thompson, the CEO of the Company, and Caitlin Jeffs, a director of the Company, who are holding these claims for the benefit of the Company.

As part of the maintenance of the Bluffpoint Property, the Company may stake additional claims adjacent to its Bluffpoint Property, or allow some of the claims, with least geological potential not warranting further development, to expire.

## Exploration Activities

### *Bluffpoint Exploration Activities Summary*

2012 – 2015 Mapping, soil sampling, overburden stripping and drilling.

2016 – 2017 Mapping, overburden stripping.

2018 - 2020 no exploration work conducted.

## Bluffpoint Property Acquisition and Exploration Costs

**Table 2. Bluffpoint Property acquisition and exploration costs**

	October 31, 2020	July 31, 2020
Balance, beginning	\$ 659,553	\$ 659,553
Acquisition costs and deferred exploration expenditures during the period	-	-
Balance, ending	\$ 659,553	\$ 659,553

## HURONIAN PROPERTY

### Location and General Description

The Huronian Property is located in Moss Township and the Nelson Lake and Powell Lake Areas in the Thunder Bay Mining Division of Northwestern Ontario, approximately 100 km west of the city of Thunder Bay. The property is centred on UTM NAD 83 Zone 15N 665,000 m E, 5,380,000 m N within NTS Map Sheet 52B/10. The Huronian Property is approximately 5,160 hectares in size and comprised of 99 boundary cell mining claims, 191 single cell mining claims, 2 patented mining claims and 2 patented mining and surface claims. The Huronian Property is owned 100% by the Company subject to various net smelter returns royalties.

The Huronian Property is situated in the highly prolific Shebandowan Greenstone Belt located in the Abitibi-Wawa Subprovince of the Archean Superior Province. The Huronian Property hosts numerous significant gold zones including the past producing Huronian Mine (also formerly known as the Jackfish, Kerry, Moss and Ardeen at various times) that produced 29,629 ounces gold and 170,463 ounces silver from 143,724 tons from 1932-1936 (Ontario Ministry of Northern Development and Mines Production Records). The Huronian Property also covers the southwest strike extension of the geology that hosts Wesdome Gold Mine's Moss Lake Gold Deposit. The Moss Lake Gold Deposit hosts an NI 43-101 compliant resource estimate of 40 million tonnes at a grade of 1.1 g Au/tonne (1,377,300 Oz Au) Indicated and an additional 50 million tonnes at a grade of 1.1 g Au/tonne (1,751,600 Oz Au) Inferred (Moss Lake Gold Mines NR February 20, 2013).

### Acquisition

On June 28, 2016, the Company entered into a purchase agreement to acquire a 100% interest in the Huronian Gold Project (the "Huronian Property") from Chalice Gold Mines Limited and its wholly owned

subsidiary, Coventry Resources Ontario Inc., and Pele Mountain Resources Inc. and its wholly-owned subsidiary, Pele Gold Corporation (the “Vendors”). In consideration for the purchase, the Company issued the Vendors 4,000,000 common shares. The Huronian Property is subject to net smelter return royalties (“NSR”) ranging from 2% to 2.5% to the Vendors and legacy vendors. The Company retains a right to purchase portions of the NSRs for varying amounts to the Vendors and legacy vendors as well as a right of first refusal for the remaining NSRs.

During the year ended July 31, 2017, the Company acquired a 100% interest in a mining claim adjacent to the Huronian Project. The claim is subject to a 2% NSR, of which 1% may be purchased by the Company at any time for the payment of \$1,000,000.

## Exploration Activities

### *Huronian Exploration Activities Summary*

2016 - 2019 Mapping, overburden stripping and magnetic geophysical surveys.  
 2020 Mapping, overburden stripping and drilling.

### 2020 Drill Program

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Zone
20HUR001	126.0	134.8	8.8	1.5	Fisher
including	132.0	133.7	1.7	4.6	
20HUR002	4.4	61.9	<b>57.5</b>	<b>1.1</b>	Fisher
including	6.3	11.0	<b>4.7</b>	<b>6.5</b>	
which includes	6.3	8.2	<b>1.9</b>	<b>9.2</b>	
including	57.0	61.9	4.9	2.9	
which includes	60.0	61.9	1.9	6.0	
which includes	60.8	61.9	<b>1.1</b>	<b>9.9</b>	
20HUR003	6.0	63.0	<b>57.0</b>	<b>1.8</b>	Fisher
including	6.0	20.0	<b>14.0</b>	<b>6.5</b>	
which includes	7.0	14.0	<b>7.0</b>	<b>12.6</b>	
which includes	7.0	12.2	<b>5.2</b>	<b>15.7</b>	
which includes	7.0	9.5	<b>2.5</b>	<b>26.0</b>	
which includes	7.0	8.0	<b>1.0</b>	<b>52.3</b>	
20HUR004	12.0	57.1	<b>45.1</b>	<b>6.2</b>	Fisher
including	15.6	31.1	<b>15.5</b>	<b>14.6</b>	
which includes	15.6	20.5	<b>4.9</b>	<b>42.1</b>	
which includes	18.3	20.5	<b>2.2</b>	<b>79.9</b>	
including	40.4	42.7	<b>2.3</b>	<b>7.6</b>	
including	53.4	56.2	<b>2.8</b>	<b>6.1</b>	
20HUR005	31.7	76.0	44.3	0.6	Fisher
including	70.0	76.0	6.0	2.1	
20HUR006	14.0	17.6	3.6	3.1	Fisher
20HUR007	18.1	26.0	7.9	2.2	Fisher
including	20.8	25.3	4.5	3.6	
20HUR008	72.0	79.5	7.5	0.6	Fisher
20HUR009	77.6	82.9	5.3	0.5	Fisher
20HUR010	61.0	81.2	20.2	0.6	Fisher
20HUR011	74.0	87.0	13.0	2.9	Fisher
including	74.0	74.7	<b>0.7</b>	<b>21.8</b>	

including	83.2	85.4	<b>2.2</b>	<b>9.3</b>	
20HUR012	30.5	46.0	15.5	0.5	Fisher
20HUR013				nsv	n/a
20HUR014	12.1	47.4	35.3	1.0	Fisher N
including	12.1	31.7	19.6	1.8	
which includes	27.0	31.7	4.7	7.1	
which includes	29.5	31.7	<b>2.2</b>	<b>14.1</b>	
which includes	29.5	30.7	<b>1.2</b>	<b>22.2</b>	
which includes	30.2	30.7	<b>0.5</b>	<b>40.7</b>	
20HUR015	6.4	65.0	58.6	0.5	Fisher N
including	6.4	35.3	28.9	0.9	
which includes	19.9	35.3	<b>15.4</b>	<b>1.6</b>	
which includes	19.9	22.9	<b>3.0</b>	<b>7.3</b>	
which includes	21.5	22.9	<b>1.4</b>	<b>14.9</b>	
which includes	21.5	22.3	<b>0.8</b>	<b>23.2</b>	
20HUR016				nsv	n/a
20HUR017	16.0	19.2	3.2	1.0	Z17 HW
	78.0	79.0	<b>1.0</b>	<b>11.4</b>	Z17

<sup>(1)</sup>Widths are drill indicated core length as insufficient drilling has been undertaken to determine true widths at this time. Average grades are calculated with un-capped gold assays as insufficient drilling has been completed to determine capping levels for higher grade gold intercepts.

## Property Acquisition and Exploration Costs

**Table 3. Huronian Property acquisition and exploration costs**

	October 31, 2020	July 31, 2020
Balance, beginning	\$ 2,062,671	\$1,825,125
Deferred exploration expenditures		
Assaying	93,203	5,512
Camp and travel	48,479	27,065
Claim maintenance	80	1,618
Drilling	313,376	-
Equipment use/rental	15,004	61,063
Geology	93,996	142,288
Sub-total, deferred exploration expenditures	564,138	237,546
Balance, ending	\$ 2,626,809	\$ 2,062,671

## QUALITY ASSURANCE (QA/QC)

The Company implemented a quality control program to comply with industry best practices for sampling, chain of custody and analyses. Certified gold reference standards, blanks and duplicates are inserted at the core processing site as part of the QA/QC program in addition to the control samples inserted by the lab. Samples are prepared and analyzed by Activation Laboratories in Thunder Bay. Samples are analyzed for gold using Fire Assay-AA techniques. Samples returning over 10 g/t gold are analyzed using Fire Assay-Gravimetric methods. Selected samples are also analyzed with a standard 1 kg metallic screen fire assay. All results reported herein have passed QA/QC protocols.

The planning, execution, and monitoring of the Company's quality control programs are under the supervision of Michael Thompson, P. Geo., President and Chief Executive Officer of Kesselrun.

## COMMITMENTS

In order to keep the Bluffpoint Property and the Huronian Property in good standing, the Company is required to complete certain annual exploration activities. The cost of these exploration activities is determined based on the size of the claims. The Company continuously monitors status of its claims; and should it decide that the exploration of certain claims within a property is not in the Company's best interests at any given year, the Company retains the right to drop such claims.

## QUALIFIED PERSON

Michael Thompson, P. Geo., President and Chief Executive Officer of Kesselrun, is the Qualified Person responsible for the Bluffpoint Property and the Huronian Property projects as defined by National Instrument 43-101.

## SELECTED FINANCIAL INFORMATION

**Table 4. Comparison of financial condition**

	<b>Three months Ended October 31, 2020</b>	<b>Year ended July 31, 2020</b>
Net and comprehensive income/(loss)	\$ (542,773)	\$ 170,273
Income/(loss) per share – basic and diluted	\$ (0.01)	\$ 0.00
Total assets	\$ 4,487,811	\$ 4,486,016

## RESULTS OF OPERATIONS

During the three-month period ended October 31, 2020, the Company reported a net loss of \$542,773 as compared to net loss of \$197,586 the Company incurred during the three-month period ended October 31, 2019.

During the three-month period ended October 31, 2020, the Company's operating expenses increased by \$385,737, from \$50,149 the Company incurred during the three-month period ended October 31, 2019, to \$435,886 the Company incurred during the three-month period ended October 31, 2020. The largest factor that contributed to the increase in operating expenses was attributed to \$348,727 increase in share-based compensation. During the three-month period ended October 31, 2020, the Company granted options to acquire up to 650,000 shares of its common stock at \$0.30 per share and 600,000 shares of its common stock at \$0.40 per share to its directors, officers and consultants, which resulted in \$339,708 in share-based compensation. During the three-month period ended October 31, 2019, the Company did not grant any new options. The other factors contributing to the increase in operating expenses were associated with increased advertising and promotional activities, which for the three-month period ended October 31, 2020, amounted to \$17,823, the Company did not have similar expenses during the three-month period ended October 31, 2019; the increased fees for consulting services, which for the three-month period ended October 31, 2020, amounted to \$33,000, an increase of \$12,000 as compared to the three-month period ended October 31, 2019. The Company's office expenses, filing and legal fees increased by \$2,603, \$2,154, and \$1,268, respectively to \$3,528, \$2,964, and \$1,358 for the three-month period ended October 31, 2020.

The accounting and audit fees, administration, and management fees the Company incurred during the three-month period ended October 31, 2020, remained unchanged as compared to the three-month period ended October 31, 2019, and were \$6,000, \$6,000 and \$15,000 respectively.



In addition to the regular business operating expenses, the Company’s overall net loss for the three-month period ended October 31, 2020, was effected by \$112,775 unrealized loss on the Company’s marketable securities represented by First Mining Shares (“FM Shares”) (2020 –\$145,575), which resulted from a decrease in price of FM Shares from \$0.495 at July 31, 2020, to \$0.43 at October 31, 2020. This decrease was in part offset by \$7,905 realized gain on the sale of marketable securities (2020 - \$Nil). In addition, the Company accrued \$2,017 in interest payable on the note payable the Company issued to Fladgate Exploration Consulting Corporation (“Fladgate”) (2020 - \$1,862).

### Summary of Quarterly Results

Results for the most recently completed financial quarters are summarized in the tables below:

**Table 5. Summary of quarterly results**

Period ended	Net and comprehensive income/(loss)	Income/(loss) per share; basic and diluted
October 31, 2020	\$ (542,773)	\$ (0.01)
July 31, 2020	\$ 522,802	\$ 0.01
April 30, 2020	\$ (105,357)	\$ (0.00)
January 31, 2020	\$ (49,586)	\$ (0.00)
October 31, 2019	\$ (197,586)	\$ (0.01)
July 31, 2019	\$ (43,160)	\$ (0.00)
April 30, 2019	\$ (404,618)	\$ (0.01)
January 31, 2019	\$ 211,117	\$ 0.01

### Liquidity and Capital Resources

As at October 31, 2020, the Company had \$336,554 (July 31, 2020 - \$770,570) in cash, current assets of \$1,201,449 (July 31, 2020 - \$1,763,792) and current liabilities of \$736,089 (July 31, 2020 - \$602,248) with working capital of \$465,360 (July 31, 2020 – \$1,161,544). The largest component of the Company’s current assets was attributed to \$746,050 equity investment in 1,735,000 FM Shares (July 31, 2020 - \$957,825 equity investment in 1,935,000 FM Shares). Other current assets included GST receivable totalling \$77,209 (July 31, 2020 - \$7,940), and prepaid expenses totalling \$41,636 (July 31, 2020 - \$27,457). During the three-month period ended October 31, 2020, the Company’s operations were supported by \$106,905 cash received from the sale of 200,000 FM Shares, \$45,000 short-term advance the Company received from an arms-length party, and by \$62,000 the Company received on exercise of warrants to acquire 516,666 shares of the Company’s common stock.

Aside from the sale of FM Shares and cash generated from private placement financing, the Company does not have any additional sources of immediate cash flows. Should the Company require additional financing to continue exploration of its current mineral claims, acquire additional claims, and to support general operating activities, the Company may sell any part of its equity investment in FM Shares, or may choose to offer its equity securities, primarily through private placements for cash.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year.

### Transactions with Related Parties

Related parties include the directors, officers, key management personnel, close family members and

entities controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

During the three-month periods ended October 31, 2020 and 2019, the Company had the following transactions with related parties:

**Table 6. Related Party Transactions**

	Three months ended October 31,	
	2020	2019
Fladgate, for exploration and evaluation expenditures <sup>(1)</sup>	\$ 564,058	\$ 136,789
Da Costa Management Corp., for accounting, consulting, and administrative services <sup>(2)</sup>	\$ 18,000	\$ 18,000
Flyrock Capital, for management fees <sup>(3)</sup>	\$ -	\$ 15,000
Fairtide Ventures, for management fees <sup>(3)</sup>	\$ 15,000	\$ -
Share-based compensation on options granted to certain directors and an officer of the Company	\$ 69,084	\$ -

<sup>(1)</sup> Fladgate is a full-service geological consulting firm with over 30 employees/contractors, which conducts all mineral exploration activities on behalf of the Company. Fladgate invoices the Company periodically when exploration is active at competitive industry standard rates. Fladgate is part owned by Michael Thompson, Chief Executive Officer and a director of Kesselrun and Caitlin Jeffs, a director of Kesselrun, each owning 33.33% of Fladgate.

<sup>(2)</sup> Da Costa Management Corp. is a private company owned by John da Costa, Chief Financial Officer and a director of Kesselrun.

<sup>(3)</sup> Flyrock Capital (1796795 Ontario Inc.) and Fairtide Ventures are private companies owned by Michael Thompson.

The balances due to related parties consist of amounts owed directly to the officers and directors of the Company and to private companies controlled by the officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand. At October 31, 2020, the balance payable to related parties was \$571,263 (2020 - \$485,936).

At October 31, 2020, the Company was indebted to Fladgate Exploration Consulting Corporation (“Fladgate”), a private company controlled by certain directors and officers of the Company, in the amount of \$101,391 (2020 - \$99,374) under the loan payable. The loan bears interest at 8% per annum compounded monthly, is unsecured and due on demand. During the three-month period ended October 31, 2020, the Company recorded interest expense of \$2,017 (2020 - \$1,862).

## OUTSTANDING SHARE DATA

As at the date of this MD&A, the following securities were outstanding:

**Table 7. Share Data**

Type	Amount	Conditions
Common shares	73,652,533	Issued and outstanding
Warrants	3,847,500	Exercisable into 3,847,500 common shares at a price of \$0.12 per share until July 10, 2021
Broker Warrants	430,325	Exercisable into 430,325 common shares at a price of \$0.12 per share until July 10, 2021
Warrants	8,659,364	Exercisable into 8,659,364 common shares at a price of \$0.33 per share until December 7, 2022
Broker Units	1,568,891	Exercisable into 1,568,891 broker units at a price of \$0.22 per share until December 7, 2022. Each broker unit entitles the holder to acquire one common share and 1/2 of one warrant, exercisable at \$0.33/warrant share
Broker Unit Warrants	784,446	These broker unit warrants are issuable on exercise of Broker Units. Broker unit warrants are exercisable into 784,446 common shares at a price of \$0.33 per share until December 7, 2022
Stock options	1,350,000	Exercisable into 1,350,000 common shares at a price of \$0.10 per share until December 21, 2022
Stock options	400,000	Exercisable into 400,000 common shares at a price of \$0.05 per share until January 16, 2025.
Stock options	450,000	Exercisable into 450,000 common shares at a price of \$0.30 per share until August 10, 2025
Stock options	250,000	Exercisable into 250,000 common shares at a price of \$0.40 per share until August 26, 2022
Stock options	250,000	Exercisable into 250,000 common shares at a price of \$0.40 per share until October 15, 2022
	91,643,059	Total shares outstanding (fully diluted)

### Brokered Private Placement

On December 7, 2020, the Company closed a brokered private placement for total gross proceeds of \$5,999,969 (the “Offering”). As part of the Offering, the Company sold 9,920,501 units of the Company (the “Units”) at a price of \$0.22 per Unit for gross proceeds of \$2,182,510; 6,244,000 flow-through common shares of the Company (the “FT Shares”) at a price of \$0.25 per FT Share for gross proceeds of \$1,561,000; and 7,398,227 flow-through units of the Company (the “FT Units”), which were sold to charitable flow-through purchasers, at a price of \$0.305 per FT Unit for gross proceeds of \$2,256,459.

Each Unit is comprised of one common share in the capital of the Company (each a “Common Share”) and one half of one Common Share purchase warrant (each whole warrant, a “Warrant”). Each FT Unit is comprised of one FT Share and one half of one Warrant. Each whole Warrant shall be exercisable into one Common Share at a price of \$0.33 at any time on or before December 7, 2022.

In connection with the Offering, Red Cloud Securities Inc. (“Red Cloud”), which acted as sole agent and bookrunner under the Offering, received a cash commission of \$389,128 and 1,512,891 non-transferable agent warrants, each entitling the Red Cloud to purchase one Unit of the Company at a price of \$0.22 per

Unit until December 7, 2022. Red Cloud was also paid a financial advisory fee of \$12,320 and issued 56,000 advisory warrants having the same terms and conditions as the agent warrants.

The net proceeds raised from the Offering will be used for the exploration and advancement of the Huronian and Bluffpoint projects and for general working capital purposes. Proceeds from the sale of FT Shares will be used to incur "Canadian exploration expenses" as defined in subsection 66.1(6) of the Income Tax Act and "flow through mining expenditures" as defined in subsection 127(9) of the Income Tax Act.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **SIGNIFICANT ACCOUNTING POLICIES**

All significant accounting policies adopted by the Company have been described in the notes to the audited financial statements for the year ended July 31, 2020.

### **New accounting standards and interpretations**

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's unaudited condensed interim financial statements. The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements, but does not anticipate that the impact will be significant.

### **RISKS AND UNCERTAINTIES**

The Company's activity of natural resource exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks and uncertainties affecting the Company being the following in addition to other risks disclosed in this MD&A:

- Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;
- The Company expects to continue to incur losses from operations unless and until such time as any of its mineral properties enter into commercial production and generate sufficient revenues to fund its continuing operations;
- The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as and when required;
- Although the Company has taken steps to verify title to the mineral properties in which it has an interest, there is no guarantee that the property will not be subject to title disputes or undetected defects; and
- The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.
- The Company is cognizant of the rapid expansion of the COVID-19 pandemic and the resulting global implications. To date, there have been no disruptions to the Company's day-to-day

operations. However, the Company cautions that the potential future impact of any restrictions on the Company's operations is currently unknown but could be significant.

## **Financial Instruments**

### **Fair value**

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 cash and marketable securities is measured based on level 1 inputs of the fair value hierarchy. The estimated fair value of financial liabilities approximates their carrying values due to the short-term nature of these instruments.

### **Capital management**

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to ensure future benefits to stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at the date of the filing of this MD&A, the Company does not have any debt that is subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings.

b) **Credit risk**

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institution. As such, the Company's credit risk exposure is minimal.

c) Market risk

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

i. Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets or liabilities.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

iii. Equity Price risk

Equity price risk is the risk that the fair value of equity/securities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investments in marketable securities.

## CONTINGENCIES

There are no contingent liabilities.

## ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).