

**Straightup Resources Inc.**  
**Management's discussion and analysis**  
**For the three and nine months ended September 30, 2020**

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The following Management's Discussion and Analysis ("MD&A") is current as of November 27, 2020. This MD&A contains a review and analysis of financial results for Straightup Resources Inc. ("the Company") for the three and nine months ended September 30, 2020.

This MD&A supplements but does not form part of the financial statements of the Company and notes thereto for the three and nine months ended September 30, 2020, and consequently should be read in conjunction with the afore-mentioned financial statements and related notes.

All amounts both in the Company's financial statements and this MD&A are expressed in Canadian dollars.

### **FORWARD-LOOKING STATEMENTS**

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be carefully considered and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

## **BASIS OF PRESENTATION**

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

## **BUSINESS OVERVIEW**

The Company is principally engaged in the acquisition and exploration of mineral property assets in Canada. Its head office is at Suite 200, 551 Howe Street, Vancouver, British Columbia V6C 2C2. To date, the Company has not earned operating revenue.

The Company's objective is to locate and develop economic precious and base metal properties of merit and to conduct exploration programs on its mineral properties. The properties are at an early stage of exploration; there are no estimates of mineral resources or reserves for the properties.

The Company's assets are:

- The Hi-Mars property
- The RLX North, RLX South and Belanger Properties

### **Hi-Mars**

The Hi-Mars property located about 17 km NE of the city of Powell River in southwestern British Columbia ("the Property"). The qualifying property consists of 11 contiguous mineral titles covering an area of 1788 hectares within the Vancouver Mining Division. These mineral titles are held by Mr. Craig Lynes on behalf of Rich River Exploration Ltd. ("Rich River"). The Company has entered into an Option Agreement (as defined below) with Mr. Craig A. Lynes and Rich River, pursuant to which the Company has earned an initial 51% interest in the property and has an option to earn the remaining 49% interest in the Property.

The Hi-Mars Property covers six distinct Minfile mineral occurrences all of which are classified as porphyry Cu-Mo type. The Property is on Crown Land and is open to mineral exploration providing a Notice of Work is filed with the Province of British Columbia for any physical disturbances and that local First Nations are consulted.

The current and previous mineral tenures were all staked after the expiry of previous claims and thus there are no inherited royalty or Net Smelter Returns attached to the Property except as described in the current "Grant of Option and Consideration" and "Net Smelter Royalty" sections of the property option agreement between Rich River Exploration Inc. and Craig A. Lynes (collectively, the "Optionors") and Straightup Resources Inc. (the "Optionee") dated October 30, 2017 (the "Property Option Agreement"), which sections are included below:

#### **1.1 Grant of Option and Consideration**

Upon the execution of and pursuant to this Agreement, the Optionors shall grant the right and option to earn an 100% undivided interest in the Hi-Mars Property (the "Option") to the Optionee, subject only to a 3% NSR Royalty (as defined below) on all base, rare earth elements and precious metals, as follows:

- a) to acquire a 51% interest in the Property (the "Stage 1 Interest"), the Optionee shall pay \$5,000 to Rich River upon the execution and delivery of this Agreement by the parties (the "Stage 1 Option Consideration"); and
- b) to acquire an additional 49% interest in the Property, the Optionee shall: (i) pay a total of \$155,000 to Rich River; (ii) issue a total of 600,000 common shares in the capital of the Optionee to Rich

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River; and (iii) complete \$600,000 worth of exploration expenditures on the Hi-Mars Property (collectively, the "Stage 2 Option Consideration"; together with the Stage 1 Option Consideration, the "Option Consideration"), as set out below:

- (i) the Optionee shall issue the common share portion of the Stage 2 Option Consideration to Rich River as follows:
  - a) 100,000 common shares upon the closing of the initial public offering of the Optionee's common shares;
  - b) 100,000 common shares on or before the first anniversary of the listing of the Optionee's common shares on the Canadian Securities Exchange (the "Exchange");
  - c) 100,000 common shares on or before the second anniversary of the listing of the Optionee's common shares on the Exchange; and
  - d) 100,000 common shares on or before the third anniversary of the listing of the Optionee's common shares on the Exchange;
  - e) 200,000 common shares on or before the fourth anniversary of the listing of the Optionee's common shares on the Exchange;
- (ii) the Optionee shall pay the cash portion of the Stage 2 Option Consideration to Rich River as follows:
  - a) \$25,000 on or before the second anniversary of the listing of the Optionee's common shares on the Exchange;
  - b) \$30,000 on or before the third anniversary of the listing of the Optionee's common shares on the Exchange; and
  - c) \$100,000 on or before the fourth anniversary of the listing of the Optionee's common shares on the Exchange; and
- (iii) the Optionee shall make the required Stage 2 Option Consideration exploration expenditures on the Hi-Mars Property according to the following schedule:
  - a) \$200,000 on or before the second anniversary of the listing of the Optionee's common shares on the Exchange;
  - b) \$100,000 on or before the third anniversary of the listing of the Optionee's common shares on the Exchange; and
  - c) \$300,000 on or before the fourth anniversary of the listing of the Optionee's common shares on the Exchange.

1.2 This Agreement confers an option only. Once the Optionee has paid the Option Consideration in full, then it shall be deemed to have earned an 100% undivided interest in the Hi-Mars Property, subject to a 3% NSR Royalty on all base, rare earth elements and precious metals.

## **2. Net Smelter Royalty**

2.1 A Net Smelter Returns Royalty in the aggregate amount of 3% (the "NSR Royalty") is payable to the Optionors on all base, rare earth elements and precious metals, as more particularly described in Schedule B to this Agreement.

2.2 The Optionee may purchase the first 1% of the NSR Royalty for \$750,000. The Optionee may purchase the remaining 2% of the NSR Royalty for an additional \$1,000,000.

## **3. Operator**

3.1 The Optionee, or its designate, shall be the operator of the Hi-Mars Property during the term of the Agreement. Rich River shall be the primary exploration contractor when possible.

#### **4. Assessment Work**

4.1 In order to keep the claims comprising the Hi-Mars Property in good standing, the Optionee shall pay or cause to be paid any rates, taxes, duties, royalties, assessments or fees levied with respect to the Hi-Mars Property or the Optionee's operations thereon. Without limiting the generality of the foregoing, during the duration of the Option and after the earn-in of the Stage 1 Interest by the Optionee, the Optionors shall have a free-carried interest equal to 51% in the Property. The Optionee shall apply and pay for assessment credits for the mineral claims comprising the Hi-Mars Property for all work and expenditures conducted on all or any part of the Property.

The Company announced that during the week of July 20, 2020 it commenced its exploration program on the Hi-Mars Property (the "Exploration Program"), as recommended by the author of the technical report dated December 11, 2019 entitled "Technical Report Hi-Mars Mineral Property, South West British Columbia, Canada" (the "Technical Report"). Further information on the Exploration Program can be found in the Technical Report and the final long form prospectus of the Company dated January 22, 2020, copies of which are available on the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com)

#### **RLX North, RLX South and Belanger**

On June 3, 2020 (the "Effective Date") the Company entered into a property option agreement with an arm's length vendor (the "Vendor"), whereby it has been granted the sole, exclusive and irrevocable right and option (the "Option") to acquire a 100% undivided interest in certain unpatented mining claims

comprising the RLX North, RLX South and Belanger properties (collectively, the "Property") located in the District of Red Lake, Ontario, Canada, subject to a 3% net smelter returns royalty.

The RLX North and RLX South properties form a large (approximately 10,000 hectare) land package contiguous to, and almost entirely surrounding, Great Bear Resources Ltd.'s ("Great Bear") Sobel property (Figure 1). The RLX North and RLX South properties are also situated along the same geological trend as the Red Lake Gold Mines, now operated by Evolution Mining Limited, with gold endowment of 29.63 M oz Au at an average grade of 21 g/t Au.

Exploration activities in 2020 consist of historical data review and reinterpretation, geological mapping and sampling, all of which may be conducted prior to the issuance of an exploration permit and are not ground-disturbing activities. Exploration permit applications have been submitted and are anticipated to be issued in the near-term. The issuance of an exploration permit will allow more advanced exploration activities on these projects in the future, if warranted, such as diamond drilling of high-priority targets identified by the early exploration program.

On August 6, 2020 the Company reported that it has completed an initial field examination of its RLX North and RLX South properties (the "Properties").

Consulting geologist Mr. Tim Twomey, P. Geo, recommended that further work be conducted, including:

- compiling, digitizing and interpreting all historical data on the Properties; and
- conducting a detailed geological mapping and sampling program (including geology, structure, alteration, mineralization, and geochemistry) in order to better understand the geologic complexity and provide better targeting for potential future exploration.

The Belanger property is an approximately 2,100 hectare property located 2.2 km north of Infinite Ore Corp.'s Garnet/Arrow deposit (Figure 1) in the District of Red Lake, Ontario. The Belanger property is interpreted to be primarily underlain by the 2.74 Ga Confederation Assemblage. Historic exploration on the

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Belanger property has identified three significant gold-copper occurrences over an interpreted strike length of 600 meters.

Exploration activities in 2020 consist of historical data review and reinterpretation, geological mapping and sampling (including validating the historical sampling results in Trenches "C", "D" and "E"), all of which may be conducted prior to the issuance of an exploration permit. Exploration permit applications have recently been submitted and are anticipated to be issued in the near-term. The issuance of an exploration permit will allow more advanced exploration activities on the Belanger property in the future, if warranted, such as diamond drilling of high-priority targets identified by the early exploration program.

On September 9, 2020, the Company announced that Clark Exploration and Consulting has commenced compilation and reinterpretation work of all of the available historical data (the "Program") on the Company's Belanger gold property (the "Property"). The Program includes repatriating, re-logging and assaying historic drill core from diamond drilling conducted in 2002 by King's Bay Gold Corporation. Initial work on the Program has already commenced, with the historic drill core being relocated to Thunder Bay, Ontario. This initial work is expected to assist the Company with additional sampling and with the interpretation of the gold mineralization trends on the Property. Additional work on the Program will consist of a mapping and sampling program which will assist the Company in defining potential diamond drill targets on the Property.

In order to exercise the Option in full, Straightup will be required to: (i) make cash payments to the Vendor in the aggregate amount of \$150,000; and (ii) issue common shares in the capital of the Company (the "Consideration Shares") having an aggregate cash value of \$300,000 to the Vendor, to be paid and delivered as set out below (collectively, the "Option Payments"):

Date	Cash (CAD)	Consideration Shares
Upon execution and delivery of the Property Option Agreement	\$ 25,000	300,000 Consideration Shares
On or before the first anniversary of the Effective Date	\$ 25,000	Consideration Shares having a cash value of \$30,000 in accordance with the Option Agreement
On or before the second anniversary of the Effective Date	\$ 50,000	Consideration Shares having a cash value of \$100,000 in accordance with the Option Agreement
On or before the third anniversary of the Effective Date	\$ 50,000	Consideration Shares having a cash value of \$140,000 in accordance with the Option Agreement

Upon completion of the Option Payments, the Company will be deemed to have exercised the Option and will have earned an undivided 100% legal and beneficial interest in and to the Property, subject to a 3% Net Smelter Returns Royalty ("NSR Royalty") to be granted to the Vendor. The Company will have a right at any time to purchase from the Vendor two-thirds (being 2%) of the NSR Royalty from the Vendor for \$1,000,000 per percentage point of the NSR Royalty (an aggregate of \$2,000,000 for 2%), payable in cash or common shares of the Company.

During the Option period, the Company will be responsible for maintaining the Property in good standing, paying all exploration licenses fees and taking such other steps as may be required to carry out the foregoing. There will be no other work commitments, and any work carried out on the Property will be at the sole discretion of the Company.

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**SUMMARY OF QUARTERLY RESULTS**

Below is a summary of the Company's last eight quarterly results, selected from financial statements prepared under International Financial Reporting Standards:

	Year ending December 31, 2020			Year ended December 31, 2019				Year ended December 31, 2018
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Net (loss) income	(313,600)	(80,387)	(108,007)	(108,694)	(3,030)	(16,945)	(25,371)	71,119
Basic/diluted loss per share	(0.02)/(0.02)	(0.00)/(0.00)	(0.01)/(0.01)	(0.01)/(0.01)	(0.00)/(0.00)	(0.00)/(0.00)	(0.00)/(0.00)	0.01/0.00

**Financial Performance**

For the three and nine months ended September 30, 2020 the net loss was \$(313,600) and \$(501,995), compared to losses of \$(3,030) and \$(45,346) in the same periods in 2019.

For the three and nine months ended September 30, 2020 general and administrative expenses were \$4,185 and \$25,090, compared to \$nil and \$3,531 in the same periods in 2019. The increase is due largely to website development, logo and branding, and corporate services costs.

Management fees incurred were \$14,000 and \$35,000 in the respective periods (2019 - \$nil and \$15,000). Rent expense was \$2,250 and \$12,000 respectively (2019 - \$nil and \$3,750); the increase is due to seven months worth of rent for 2019 charged in 2020.

Professional fees incurred were \$167,245 and \$254,750 in the three and nine months ended September 30, 2020, compared to \$3,000 and \$12,650 in the same periods in 2019. The large increase is due to legal fees, investor relations fees and consulting fees.

Listing fees of \$2,250 and \$15,953 were incurred in the three and nine months ended September 30, 2020 (2019 - \$nil and \$4,243); the increase is due to fees related to the Initial Public Offering and the CSE listing. Transfer agent and filing fees were \$1,636 and \$9,601 in the same periods (2019 - \$nil and \$4,278).

Exploration expenses of \$3,891 were recorded in the three and nine months ended September 30, 2020 (2019 - \$nil).

**Liquidity and Capital Resources**

Total shareholders' equity as of September 30, 2020 was \$670,530 (December 31, 2019 – \$76,160) as follows:

Balance as of December 31, 2019	\$	76,160
Current period loss		(501,995)
Shares issued for cash		1,043,354
Share issuance costs		(97,804)
Additions to Contributed surplus		150,815
Balance as of September 30, 2020	\$	<u>670,530</u>

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The Company ended the period with cash of \$490,122 - an increase of \$479,073 from December 31, 2019. Working capital was \$483,289 as of September 30, 2020 compared to negative \$(47,079) at December 31, 2019.

From the date of incorporation of the Issuer on August 22, 2017 to September 21, 2018, the Company completed private seed capital equity financing, raising aggregate gross proceeds of \$243,501. In March 2020, the Company completed its initial public offering for gross proceeds of \$396,800.

On July 20, 2020 the Company closed a non-brokered private placement (the "Financing"). The Financing raised aggregate gross proceeds of approximately \$0.63 million through the issuance of 4,203,067 units (each, a "Unit") at a price of \$0.15 per Unit.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of shares. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of the Company's assets may be materially less than amounts on the statement of financial position.

#### **Outstanding Share Data**

As at September 30, 2020, the Company had 20,403,088 common shares outstanding. It also had 12,719,912 warrants and 1,300,000 stock options outstanding.

#### **COMMITMENTS AND CONTINGENCIES**

Company has no material or significant commitments or contingencies.

#### **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). During the three and nine months ended September 30, 2020, the Company paid consulting fees of \$11,000 and \$29,000 (2019 - \$nil and \$15,000) and rent of \$2,250 and \$12,000 (2019 - \$nil and \$3,750) to a former director and CEO of the Company. During the nine months ended September 30, 2020 the Company incurred \$88,039 in IPO costs to a firm controlled by a family member of the CFO. In the same period the Company incurred \$2,775 in website development costs to a family member of the CEO. It also incurred \$9,850 in accounting fees to a firm owned by the CFO (2019 - \$4,650).

#### **OFF BALANCE SHEET TRANSACTIONS**

The Company has no off-balance-sheet transactions.

## **PROPOSED TRANSACTIONS**

The Company has no proposed transactions to report.

## **CRITICAL ACCOUNTING ESTIMATES**

Please refer to the December 31, 2019 audited financial statements on [www.sedar.com](http://www.sedar.com) for critical accounting estimates.

## **FINANCIAL INSTRUMENTS**

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **Fair Value of Financial Instruments**

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at September 30, 2020 were as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	490,122	-	-	490,122

### **Fair value**

The fair value of the Company's financial instruments approximates their carrying value as at September 30, 2020 because of the demand nature or short-term maturity of these instruments.

### **Financial risk management objectives and policies**

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management

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manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*(i) Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

*(ii) Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

*(iii) Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

*(iv) Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

**Dilution**

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of common shares. The Company assesses various options for financing; however, the Company may need to continue its reliance on the sale of securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties.

**No Known Mineral Reserves**

The Company's mineral properties are in the exploration stage and it is without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities or unfavourable economic conditions.

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In the event a mineral reserve is discovered, substantial expenditures are required to develop the mineral reserve for production including facilities for mining, processing, infrastructure and transportation. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as global economic conditions, mineral markets and mineral pricing, global smelting and refining availability, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is not warranted to commence or continue commercial production.

### **Key Personnel**

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, may require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and may devote only part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise.

### **Industry Operating Hazards and Risks**

Mineral exploration and development involve many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest may be subject to some or all of the hazards and risks normally incidental to resource companies, any of which could result in work stoppages. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides social disruptions, and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations and may incur legal liability.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers appropriate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

### **Government Regulations and Political Climate**

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production,

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require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms, which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will continue to operate in compliance with applicable legal and environmental regulations and social requirements. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs and time and effort for obtaining permits, and increased delays or fines resulting from loss of permits or failure to comply with the new requirements.

## **DISCLOSURES**

### ***Additional Information as specified by National Instrument 51-102***

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at <http://www.sedar.com>

### ***Venture Issuer Without Significant Revenue***

This MD&A supports information disclosed in the Company's financial statements. More information regarding the Company's mineral right interests can be found under Note 4 of the Company's financial statements for the current reporting period.

### ***Internal Controls Over Financial Reporting ("ICFR")***

There were no changes in the Company's internal control over financial reporting during the period from December 31, 2019 to September 30, 2020 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

### **Subsequent events**

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Company's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions. Management continues to monitor the situation.

On November 9, 2020 the Company announced the closing of its previously announced non-brokered private placement (the "Offering"). The Offering raised aggregate gross proceeds of \$883,700 through the sale of: (i) 2,641,000 units at the price of \$0.20 per unit (each, a "Unit"); and (ii) 1,422,000 flow-through common shares at a price of \$0.25 per share. Each Unit is comprised of one non-flow-through common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant entitling the holder to acquire one additional common share at a price of \$0.30 per share for a period of 12 months from the closing of the Offering. In the event the closing price of the Company's common shares on the Canadian Securities Exchange (the "Exchange") is equal to or greater than \$0.50 per share for a minimum of ten consecutive trading days commencing four months and one day after the closing of the Offering, the Company may accelerate the expiry date of the Warrants by providing notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

In connection with the Offering, the Company paid to the finders an aggregate of \$76,736 in cash payments and issued 147,960 non-transferrable finder's warrants (each, a "Finder's Warrant") and 132,280 finder's shares (each, a "Finder's Share"). Each Finder's Warrant entitles the holder thereof to purchase one common share at a price of \$0.30 per common share for a period of 24 months from the issue date. Haywood Securities Inc. received a cash commission of \$3,136 and was issued 15,680 Finder's Warrants. EMD Financial Inc. received a cash commission of \$58,600, was issued 132,280 Finder's Warrants and 132,280 Finder's Shares, and received a corporate finance fee of \$15,000.

The net proceeds from the Offering are intended to be used for property expenditures and for general working capital. All securities issued in connection with the Offering are subject to a hold period of four months and one day in Canada.

On November 10, 2020 the Company announced that it has entered into an agreement with Tri Origin Exploration Ltd. ("Tri Origin") to acquire a digital database (the "Digital Database") of compilation and field exploration data (the "Acquisition") for the RLX North and RLX South properties (the "RLX Properties"). The significant volume of the Digital Database will facilitate effective time and cost saving target generation to locate specific rock types associated with the gold mineralization within the Red Lake camp. The Digital Database is in the process of being integrated with the Company's current project database. The Company will formulate its plans for the next steps of exploration on the RLX Properties upon completion of the integration.

In consideration for the Acquisition, the Company will pay a purchase price (the "Purchase Price") consisting of an aggregate cash payment of \$100,000 and the issuance of 200,000 common share

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purchase warrants (each, a "Warrant"). The Purchase Price is payable as to (i) \$50,000 cash and 100,000 Warrants upon the closing of the Acquisition (the "Closing"), and (ii) \$50,000 cash and 100,000 Warrants upon the earlier of (A) the commencement of a work program by the Company on either of the RLX Properties, or (B) the date that is six (6) months from the Closing. The Warrants will each be exercisable to purchase one common share in the capital of the Company for a period of three (3) years from the date of issuance at an exercise price of \$0.26 per share.

On November 16, 2020 the Company announced that it has appointed Dr. Robert Valliant to its advisory board (the "Advisory Board"). Pursuant to the Digital Database acquisition agreement, Dr. Valliant agreed to assist and advise the Company solely on the management and assembly of the Digital Database and on work programs proposed for the RLX Properties. Dr. Valliant is currently the President and CEO of Tri Origin. He has a Ph.D. in Economic Geology and more than 40 years' experience in mineral exploration and mining.

The Company also granted 100,000 incentive stock options to an Advisory Board member. The stock options vested immediately and each is exercisable to purchase one common share in the capital of the Company on or before November 16, 2025, at a price of \$0.20 per common share.