



MANAGEMENT DISCUSSION & ANALYSIS

For the Six Months Ended

October 31, 2020

Management's Discussion and Analysis

This management's discussion and analysis (MD&A) for Gespeg Resources Ltd. (the "Corporation") should be read in conjunction with the condensed interim financial statements of October 31, 2020 and the audited annual financial statements of April 30, 2020. The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Corporation presents its results in Canadian (CDN) dollars. All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

Forward Looking Statements

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

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

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

Date

This MD&A was prepared as of December 4, 2020.

Description of the Business

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

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

Effective January 7, 2020, the Corporation consolidated its share capital on the basis of 1 new share for 5 old shares. All common share, per share, option, warrant, broker warrant and weighted average price amounts are restated in these financial statements to reflect this consolidation.

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

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

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

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

As at October 31, 2020, the Corporation’s current committed cash resources are insufficient to cover expected expenditures in fiscal 2021. The Corporation’s ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

The Corporation reported net losses in the first six months of fiscal 2021 and fiscal 2020 of \$392,418 and \$197,841 respectively, has accumulated deficit of \$13,346,110 (2020 - \$12,953,692) and working capital of \$328,997 (working capital deficiency 2020 - \$230,072). These circumstances and the need for continued financing to further successful exploration may cast significant doubt as to the Corporation’s ability to continue as a going concern.

In 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had material adverse effect on the global economy and, specifically, the regional economies in which the Corporation operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Corporation's shares, the value of its portfolio and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Corporation's operations.

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

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

Selected Financial Information

For the periods ended	October 31, 2020	April 30, 2020	April 30, 2019
Cash	\$ 356,446	\$ 123,804	\$ 34,137
Exploration and evaluation assets	\$ 327,000	\$ 122,912	\$ 14,192
Total assets	\$ 808,737	\$ 272,884	\$ 88,591
Total liabilities	\$ 149,240	\$ 380,044	\$ 373,856
Shareholders' equity (deficiency)	\$ 659,497	\$(107,160)	\$(285,265)
Total operating expenses	\$ 392,418	\$ 197,841	\$ 451,489
Other income on settlement of flow-through premium liability	\$-	\$-	\$ 13,039
Gain on disposal of exploration and evaluation asset	\$-	\$-	\$ 46,737
Gain on shares for debt settlement	\$-	\$-	\$ 230,093
Income tax expense (recovery)	\$-	\$-	\$-
Net loss	\$ 392,418	\$ 197,841	\$ 161,620
Loss per share, basic	\$0.01	\$0.01	\$0.00
Loss per share, diluted	\$0.01	\$0.01	\$0.00

Quarterly Results of Operations (unaudited)

	Three Months Ended			
	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
Total operating expenses	\$93,890	\$298,529	\$52,767	\$56,483
Net income (loss) for the period	\$93,890	\$298,529	\$52,767	\$56,483
Loss per share	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00
	October 31, 2019	July 31, 2019	April 30, 2019	January 31, 2019
Total operating expenses	\$48,487	\$40,104	\$196,326	\$64,805
Net loss for the period	\$48,487	\$40,104	\$33,767	\$(64,805)
Loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Three Month Period Ended October 31, 2020 and 2019:

For the three months ended October 31, 2020, the Corporation recorded a net loss of \$93,890 (\$0.00 per share), compared to loss of \$48,487 (\$0.00 per share) in the three months ended October 31, 2019.

	Three Months Ended October 31	
	2020	2019
General and administration ¹	49,121	7,961
Management fees ¹	22,500	22,500
Professional fees ²	19,574	12,814
Transfer agent and filing fees ³	2,695	5,212
	\$93,890	\$48,487

Notes:

1. General and administration and management fees totalled \$71,621 in the three months ended October 31, 2020 compared to \$30,461 for the three months ended October 31, 2019. The increase relates primarily to a change in the amount of business activity as the Corporation prepares for a change in the markets. Management fees ceased December 2016 and resumed again May 2017 for the CEO and resumed May 2018 for the CFO.
2. Professional fees for the three months ended October 31, 2020 were \$19,574, an increase of \$6,760 from the three months ended October 31, 2019. The increase is attributable to the timing of the Corporation's activities which require professional services, specifically the Corporation was engaged in property investigation activities that required legal services in 2020.
3. The transfer agent and filing fees for the three months ended October 31, 2020 were \$2,695 compared to \$5,212 in the three months ended October 31, 2019. The increase is attributable to the timing of the Corporation's financing activities and the number of shares issued and outstanding during the period.

Six month periods ended October 31, 2020 and 2019:

For the six months ended October 31, 2020, the Corporation recorded a net loss of \$392,418 (\$0.01 per share), compared to loss of \$88,590 (\$0.00 per share) in the six months ended October 31, 2019. The primary difference between the two periods is a the increase in share-based compensation resulting from the Corporation issuing stock options and extending warrants in July 2020 and an increase in business activities and exploration.

Specifically, general and administrative expenses in the six months were \$58,419 compared to \$13,372, professional fees increased to \$38,351, and share-based compensation increased \$242,200, all of which are the result of the Company increasing business and exploration activities. The Company continues to seek out additional properties.

Cash Flow:***Six Months Ended October 31, 2020 and 2019:***

Net cash used in operating activities in the six months ended October 31, 2020 was \$541,032 compared to \$9,543 net cash used in the six months ended October 31, 2019, an increase in cash used of \$531,489. The increase between the periods to the timing of accounts payables payments and prepayments as a result of increased business activities.

Net cash used by investing activities in the six months ended October 31, 2020 was \$131,201 compared to \$4,697 net cash used in the six months ended October 31, 2019, an increase in cash used of \$126,504. The change in investing activity is effected by the timing of exploration programs based on the availability of funds in the Company and the timing of resource input credits received from the Quebec government. In addition, the Corporation sold the quarries, net of claim renewal costs in the period.

Net cash generated in financing activities was \$904,875 in the six months ended October 31, 2020 and \$nil in the comparative period. The cash generated in financing activities is subject to junior market conditions and the Company's need for cash based on planned exploration programs.

For the six months ended October 31, 2019 the Corporation had a net increase in cash of \$232,642 compared to net decrease of \$14,240 in the comparative period.

Exploration

During the period ended October 31, 2020, the Corporation acquired additional properties and expanded on existing properties and incurred \$204,088 exploration expenditures (2019 - \$84,697).

Analysis of Acquisition and Exploration Costs

	Balance as at May 1, 2019		Additions	Impairment/ Disposals	Balance as at April 30, 2020	
Vortex	\$	9,435	\$ 2,480	\$ -	\$	11,915
Davidson		-	22,500	-		22,500
Native Copper		-	79,365	-		79,365
Lac Arsenault		4,757	4,375	-		9,132
	\$	14,192	\$ 108,720	\$ -	\$	122,912

	Balance as at May 1, 2020		Additions	Impairment/ Disposals	Balance as at October 31, 2020	
Vortex	\$	11,915	\$ -	\$ -	\$	11,915
Davidson		22,500	23,030	-		45,530
Native Copper		79,365	12,965	-		92,330
Lac Arsenault		9,132	168,093	-		177,225
	\$	122,912	\$ 204,088	\$ -	\$	327,000

Vortex

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

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

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

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

Davidson

The Davidson project is situated in the Chibougamau Region and is part of a 50/50% Joint Venture with J.A MacLeod Exploration. The project is grassroot and mainly for base metal exploration (Copper, Zinc, Cobalt).

Native Copper

The Native Copper Project, situated west of the Municipality of Chandler, is composed of 4 sectors Native Copper South, North-West, North-East and Central and has five (5) known indicators: Ruisseau Bleu, T.Nelson 1 and 2, Riviere St-Jean South, Route 102 S-W and Jean-Baptiste Beaudin.

Lac Arsenault

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

Net smelter royalty

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

Financing

Issuance of common shares:

On October 29, 2019, the Corporation issued 1,600,000 common shares pursuant to a property purchase agreement. The shares were valued at \$80,000, in total.

On December 31, 2019, the Corporation completed a financing of 1,830,000 non-flow through units at an issue price of \$0.05 per unit for gross proceeds of \$91,500. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one-half of one common share purchase warrant with an exercise price of \$0.10 and a term of 24 months. \$27,100 was attributed to the warrant component.

On December 31, 2019, the Corporation completed a financing of 2,730,000 flow through units at an issue price of \$0.05 per unit for gross proceeds of \$136,500. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one-half of one common share purchase warrant with an exercise price of \$0.10 and a term of 24 months. In connection with the December financings, the Corporation issued 115,000 broker warrants (valued at \$7,245) and paid cash share issue costs totaling \$17,207. \$40,000 was attributed to the warrant component.

On February 5, 2020, the Corporation completed a financing of 1,909,000 non-flow through units at an issue price of \$0.05 per unit for gross proceeds of \$95,450. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one-half of one common share purchase warrant with an exercise price of \$0.10 and a term of 24 months. The Corporation paid cash share issue costs totaling \$10,297. \$24,200 was attributed to the warrant component. \$24,200 was attributed to the warrant component.

On June 29, 2020, the Corporation issued 200,000 common shares pursuant to a property purchase agreement. The shares were valued at \$12,000, in total.

On August 27, 2020, the Corporation completed a financing of 20,000,000 non-flow through units at an issue price of \$0.05 per unit for gross proceeds of \$1,000,000. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one common share purchase warrant with an exercise price of \$0.075 and a term of 36 months. The Corporation paid cash share issue costs totaling \$95,125 and issued 973,600 broker compensation warrants. \$604,046 was attributed to the warrant components.

Share-based compensation

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

A summary of the outstanding and exercisable stock options is as follows:

	October 31, 2020		April 30, 2020	
	Options	Price	Options	Price
Outstanding and exercisable, beginning of period	-	\$ -	-	\$ -
Options granted	2,000,000	0.08	-	-
Outstanding and exercisable, end of period	2,000,000	\$ 0.08	-	\$ -

During the period ended July 31, 2020, the Board of Directors of the Corporation approved the grant of 2,000,000 stock options pursuant to the Corporation's 2013 Option Plan. 1,300,000 of the options were granted to certain directors and officers, with the balance granted to consultants of the Corporation. The options are exercisable at \$0.08 per share, vest immediately and, if not exercised, expire July 27, 2025, subject to earlier expiration in accordance with the 2013 Option Plan and applicable policies of the TSX-V.

Using the Black-Scholes option pricing model, the value of the stock options was estimated to be \$156,000, which was recorded as share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 0.42%, expected life of options 5 years, annualized volatility 208.64% and dividend rate of nil.

Related party transactions

Compensation of key executive personnel:

Six months ended October 31.	2020	2019
Consulting fees to officers	45,000	45,000
Share based compensation for directors and officers	101,400	-
	\$ 146,400	\$ 45,000

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

Sylvain Laberge, a director and officer of the Corporation provided consulting services to the Corporation. Fees accrued during the period ended October 31, 2020 were \$30,000 (2020 - \$30,000) expense was recorded in management fees. As at October 31, 2020 the Corporation owed \$57,248 (April 30, 2020 - \$93,586) related to such services, which is included in accounts payable and accrued liabilities.

Andrew Davidson, a director and officer of the Corporation provided consulting services to the Corporation. Fees accrued during the period ended October 31, 2020 were \$15,000 (2020 - \$15,000) expense was recorded in management fees. As at October 31, 2020 the Corporation owed \$nil (April 30, 2019 - \$13,000) related to such services, which is included in accounts payable and accrued liabilities.

Events After The Reporting Period

None

Off-Balance Sheet Arrangements

None.

Critical Accounting Estimates

The Corporation's financial statements have been prepared in accordance with IFRS. The preparation of financial statements in accordance with IFRS required management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. Actual results could differ from these estimates. The significant accounting policies used by the Corporation in this regard are discussed in detail in the notes to the 2020 annual audited financial statements. See Note 2 of the financial statements.

Financial Instruments

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

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

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

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

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

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

Credit Risk

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

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2020, the Corporation had a cash balance of \$356,446 to settle accounts payable and accrued liabilities of \$149,240.

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

Interest rate risk

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

Capital Management

The Corporation's objectives when managing capital are:

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

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

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

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

Risks and Uncertainties

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

Financial Risk

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

Title to Properties

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

Industry Conditions

Mineral resource exploration and development involves a high degree of risk that even a combination of careful assessment, experience and know-how cannot eliminate. While the discovery of a deposit may prove extremely lucrative, few properties that undergo prospecting ever generate a producing mine. Substantial amounts may be required to establish ore reserves, develop metallurgical processes and build mining and processing facilities at a given site. There can be no assurance that the exploration and development programs planned by the Corporation will result in a profitable mining operation. The economic viability of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size, grade and proximity to infrastructure, as well as the cyclical nature of metal prices and government regulations, including those regarding prices, royalties, production limits, importation and exportation of minerals, and environmental protection. The impact of such factors cannot be precisely assessed but may prevent the Corporation from providing an adequate return on investment.

Government Regulation

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

Outlook

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

Outstanding Share Data:

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

As of December 4, 2020, the number of common shares of the Corporation outstanding or reserved for issue under convertible securities is as follows:

Common shares	Number
Outstanding	45,476,986
Issuable under warrants and broker warrants	26,334,767
Issuable under stock options	2,000,000
Total diluted common shares	73,811,752