

# ALORO MINING CORP.

Form 51-102F1

*Management's Discussion and Analysis*

**For the Three and Nine Months Ended September 30, 2020**

**The following discussion and analysis (the “MD&A”) of the financial condition and results of the operations of Aloro Mining Corp. (the “Company”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the three and nine months ended September 30, 2020, and should be read in conjunction with the Company’s condensed consolidated interim financial statements and related notes for the corresponding periods and the Company’s December 31, 2019 audited consolidated financial statements. All figures are in Canadian dollars unless otherwise stated.**

**Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (“SEDAR”) in Canada and can be obtained from [www.sedar.com](http://www.sedar.com).**

The condensed consolidated interim financial statements of the Company for the periods ending September 30, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and are expressed in Canadian dollars. Previous financial statements had been prepared in accordance with pre-changeover Canadian Generally Accepted Accounting Principles.

## **Disclaimer**

This MD&A contains forward-looking statements, which reflect, among other things, management’s expectations regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A and save and except as required under applicable securities legislation. The Company assumes no obligation to update or revise them to reflect new events or circumstances.

## **1.1 DATE**

This MD&A is dated as of November 27, 2020.

## **1.2 DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS**

The Company is engaged in the acquisition, exploration and, if warranted, development of mineral resource properties.

Aloro controls the 3,199-hectare Los Venados Project (LV) which is located in the central part of the Mulatos Gold District and is directly adjacent to the active Mulatos open pit of Alamos Gold Inc. in the south. The western border is shared with Agnico Eagle Mines Limited where it operates the La India open pit. The known mineralization within the Mulatos District is gold-dominant, with accessory silver and copper.

The Company entered into an option agreement dated November 28, 2016 (the “Option Agreement”) with Minera Gavilan, S.A. de C.V. (the “Optionor”) and Almadex Minerals Limited (“Almadex”), pursuant to which the Optionor has agreed to grant the Company an option (the “Option”) to acquire up to 100% of the Optionor’s 100% right and title interest in and to an option agreement between the Optionor, Almadex and Compania Minera La Pitahaya, S.A. de C.V. (the “Underlying Optionor”) dated October 6, 2015, whereby the Optionor has the option to acquire a 100% interest in the Los Venados 1 mineral concession (the “Property”) located in Sonora State, Mexico (the “Transaction”). The approximately 1,500-hectare Los Venados property, (Title #244241), is immediately adjacent to the producing Mulatos and La India gold mines.

During the nine months ended September 30, 2020, the Company issued 1,000,000 common shares on February 10<sup>th</sup>, 2020 to satisfy the Option Agreement requirements.

In addition, the Company has met its requirement to drill a minimum 1,000 meters by the second anniversary of the Approval Date, as part of the total required project expenditures of a minimum of US\$500,000, to be incurred prior to the third anniversary of the Approval date. As of September 30, 2020, the Company drilled 1,747 meters before the second anniversary of the Approval date of the Option Agreement. The Company has also met its total dollar commitment of US \$500,000 required of total expenditures.

The Company, through its Mexican subsidiary, Exploraciones Aloro, S.A. de C.V., acquired a further 1,675 hectares, contiguous to the Company's current 1524 hectares Los Venados claims, bringing Aloro's current land position in the Mulatos Gold District to 3,199 hectares.

The new concession was acquired directly from the Mexican Government Mines Department. On June 14, 2017, the General Directorate of Mines declared this mineral concession free and open by its publication in the Official Gazette of the Federation. On July 13, 2017, Exploraciones Aloro, S.A. de C.V. filed an application in order to acquire the new mining concession in the State of Sonora and after following the corresponding procedure, a title proposal was sent to the Mines Department. On March 23, 2018, Exploraciones Aloro, S.A. de C.V., was granted the full rights and obligations with title # 246230 in the Municipality of Sahuaripa in the State of Sonora. The concession is valid until March 22, 2068. The Company received the official Title in its name when it was delivered to its office in Chihuahua, Mexico, on June 9, 2018.

On October 19, 2020, the Company entered into an option agreement (the "Alamos Option Agreement") whereby Alamos Gold Inc. ("Alamos") may acquire 70% interest of the Los Venados Project (title numbers 244241 and 246230) from the Company by incurring an aggregate of USD \$5,000,000 in exploration expenditures and making certain cash payments over three years.

Concurrent with the Alamos Option Agreement, another option agreement (the "Mexican Agreement") was entered into, on October 19, 2020 between Minas de Oro Nacional, S.A de C.V.A. ("MON"), a wholly-owned subsidiary of Alamos, and Exploraciones Aloro, S.A. de C.V. ("Exploraciones"), which requires MON to make certain exploration expenditures on behalf of Exploraciones prior to acquiring the 70% interest.

Pursuant to the terms of the Mexican Agreement, MON has the option to acquire 70% of the Los Venados Project by incurring an aggregate of USD \$5,000,000 in exploration expenditures as set out below:

- i) USD \$500,000 mandatory expenditures prior to the 1st anniversary of the Mexican Agreement;
- ii) USD \$1,500,000 optional expenditures prior to the 2nd anniversary of the Mexican Agreement; and
- iii) USD \$3,000,000 optional expenditures prior to the 3rd anniversary of the Mexican Agreement.

Provided the Mexican Agreement remains in good standing on the applicable anniversary date, Alamos will, in accordance with the Alamos Option Agreement, make the following cash payments to the Company:

- i) USD \$50,000 upon entry into the Mexican Agreement (received on October 19, 2020);
- ii) USD \$125,000 on or before 1st anniversary of the Mexican Agreement; and
- iii) USD \$150,000 on or before 2nd anniversary of the Mexican Agreement.

In addition, Alamos will make the required cash payments to the Underlying Optionor to match the Company's commitments under the Option Agreement as such payments become due provided the Mexican Agreement is in good standing on the following dates:

- i) CAD \$20,000 + VAT upon entry into the Mexican Agreement (paid); and
- ii) CAD \$60,000 + VAT on or before Oct 6, 2021.

MON will be responsible for the payment of semi-annual mineral taxes on both concessions, provided the Mexican Agreement is good standing.

Once MON has acquired 70% of the Los Venados Project, MON and Exploraciones have agreed to share additional exploration and development costs pro rata based on their interests in the project. Should either party decide not to contribute their interest will be diluted pro rata using a formula based on total expenditures.

Upon completion of making the necessary payments and incurring the Expenditures, MON may exercise the option and, upon doing so, will have earned a 70% interest in the Los Venados Project, and the Los Venados 1 mineral concession (title number 246230) will be subject to a 2% net smelter return royalty in favor of the Company, of which 1% can be repurchased by MON for USD \$1,500,000.

#### *For the nine months ended September 30, 2020*

During the nine months ended September 30, 2020, the Company received a 2-year permit for the drilling of 15 drill holes and necessary access roads at the Los Venados project site. This new permit is focused on the south area of the Los Venados (LV) Project, to the west of the discovery drill hole LVRC-012, as discussed in Phase 1 drill results below.

During April 2020, the Mexican federal government had mandated that all non-essential businesses, including mining and exploration, temporarily suspend operations until April 30 due to the COVID-19 virus. The government further extended this decree in May and it was subsequently lifted as of June 1, 2020.

During the nine months ended September 30, 2020, additional mapping and sampling was carried out to continue the evaluation of this area of gold mineralization for targets hosted in volcanic flow units of the Mulatos volcanic sequence. The mine processing area of Agnico Eagle's La India mine is located about 10 km west of this area.

While this area is encouraging with Aloro's high-grade samples, Aloro's continuing priority is the high sulfidation targets recognized in the south of the property which will be discussed in the future update.

Rock samples were collected by Aloro's geological and technical employees utilizing normal standards of collection, recording of descriptive data with handheld GPS determined locations in UTM NAD 27 grid locations. Rock material collected was contained in numbered plastic sample bags with plastic ties closing them, with numbered paper tags inserted in the bags to confirm identification inside and written identification of the bag's surface. Bags were locked in secure locations under the supervision of Aloro personnel and then transported by personnel to the Bureau Veritas sample preparation facility located in Hermosillo, Sonora Mexico. Bureau Veritas' Hermosillo preparation lab work consisting of splitting and grinding to fine pulp produces a 30 gram sample that is lead fusion fire assayed for gold (with atomic absorption finish) with secure shipment of 200 grams of pulp to the Bureau Veritas analytical laboratory in Vancouver, B.C. There a second small fraction was dissolved in 4 acid liquid mixture that was processed by ICP determination of normal 35 additional elements including silver.

### **1.3 OVERALL PERFORMANCE**

As an exploration company, the Company does not have any revenue from mining operations.

On February 10, 2020, the Company issued 1,000,000 common shares pursuant to the Los Venados Option Agreement at a market price of \$0.04 per share for a total of \$40,000.

As at September 30, 2020, the Company had outstanding loans due to the Chief Executive Officer and Chief Financial Officer of the Company for \$182,730 and \$17,750, respectively (December 31, 2019 - \$85,000 and \$nil). The loans bear interest at 10% per annum, are unsecured and due on demand.

### **1.4 RESULTS OF OPERATION**

During the nine months ended September 30, 2020 and 2019, the Company did not generate any revenues and incurred a net loss and comprehensive loss of \$185,894 and \$258,931, respectively. Changes from period to period can be explained primarily by the factors discussed below.

#### *Operating expenses for the three months ended September 30, 2020*

Operating expenses for the three months ended September 30, 2020 were \$58,614 (2019 - \$72,337) and consisted of management and directors' fees of \$22,500 (2019 - \$15,000), professional fees of \$15,777 (2019 - \$19,587), office and general expenses of \$11,415 (2019 - \$27,888), depreciation expense of \$8,922 (2019 - \$8,922), and investor relations of \$nil (2019 - \$940).

The increase in management and director fees of \$7,500 over the comparative quarter due to an increase in director compensation, as well as an adjustment to the allocation to exploration costs of consulting fees incurred by the TAD Consulting Agreement, an entity controlled by the Company's Chief Executive Officer, resulting in a \$4,500 increase to the amount expensed through management fees to the income statement.

Professional fees decreased by \$3,180. The decrease is due to marginal decreases in accounting and legal fees during the three months ended September 30, 2020.

Office and general decreased by \$16,473. The decrease due to an overall decrease in activity due to COVID-19.

Exploration activities for the three months ended September 30, 2020

As an exploration company, the Company did not have any revenue from mining operations during the three months ended September 30, 2020.

During the three months ended September 30, 2020, the Company focused their efforts on the acquisition of contiguous properties and exploration of the Los Venados property. The Company continued the reconnaissance program of sampling, mapping and assaying conducted within the property that started at the beginning of 2017.

During the three months ended September 30, 2020, the Company incurred \$40,676 (2019 - \$121,766) in exploration, evaluation and acquisition costs on its Los Venados property in Mexico.

Operating expenses for the nine months ended September 30, 2020

Operating expenses for the nine months ended September 30, 2020 were \$180,499 (2019 - \$259,804) and consisted of management and directors' fees of \$67,500 (2019 - \$45,000), professional fees of \$44,886 (2019 - \$111,137), office and general expenses of \$41,347 (2019 - \$51,862), depreciation expense of \$26,766 (2019 - \$25,708), and investor relations of \$nil (2019 - \$111,306). The Company incurred \$nil shared-based payments expense (2019 - \$14,791).

The increase in management and director fees of \$22,500 over the comparative quarter due to an increase in director compensation, as well as an adjustment to the allocation to exploration costs of consulting fees incurred by the TAD Consulting Agreement, an entity controlled by the Company's Chief Executive Officer, resulting in \$13,500 increase to amount expensed through management fees to the income statement.

Professional fees decreased by \$66,251. The decrease is primarily attributable to an additional \$28,000 in consulting fees incurred during the prior period which did not recur in 2020, and a \$28,047 decrease in accounting fees in the current period due to decreased activity compounded by the increased activity in the prior period due to the drill program conducted in 2019.

Share-based payments decreased by \$14,791 as there were no stock options granted during the nine months ended September 30, 2020.

Exploration activities for the nine months ended September 30, 2020

As an exploration company, the Company did not have any revenue from mining operations during the nine months ended September 30, 2020.

During the nine months ended September 30, 2020, the Company focused their efforts on the acquisition of contiguous properties and exploration of the Los Venados property. The Company continued the reconnaissance program of sampling, mapping and assaying conducted within the property that started at the beginning of 2017.

During the nine months ended September 30, 2020, the Company incurred \$194,855 (2019 - \$525,526) in exploration, evaluation and acquisition costs on its Los Venados property in Mexico, which includes \$40,000 (2019 - \$55,000) in acquisition costs. As at September 30, 2020, capitalized acquisition and exploration and evaluation costs were \$1,761,393 (December 31, 2019 - \$1,566,538).

The following table sets a breakdown of the costs incurred in the Los Venados Project during the nine months ended September 30, 2020 and year ended December 31, 2019:

	<b>Los Venados</b>	
<b>Acquisition cost:</b>		
Balance, December 31, 2018	\$	111,379
Land purchase option		55,000
Access to property		23,312
<b>Balance, December 31, 2019</b>		<b>189,691</b>
Land purchase option		40,000
<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>229,691</b>
<b>Exploration and evaluation costs:</b>		
Balance, December 31, 2018	\$	869,987
Consulting fees		245,728
Drilling		154,413
Environmental permits and mining rights		47,945
Mapping		3,599
Exploration costs		15,523
Sampling		39,652
<b>Balance, December 31, 2019</b>		<b>1,376,847</b>
Consulting fees		122,717
Drilling		5,621
Environmental permits and mining rights		20,082
Exploration costs		6,209
Sampling		226
<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>1,531,702</b>
<b>Balance, December 31, 2019</b>	<b>\$</b>	<b>1,566,538</b>
<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>1,761,393</b>

During the nine months ended September 30, 2020, the Company incurred exploration and evaluation costs of \$154,855, which consisted of the following:

- i) Consulting fees from TAD Financial Corp., an entity controlled by the Chief Executive Officer, of which \$121,500 has been allocated to the property as the Chief Executive Officer spends 90% of his time managing exploration activity and property operations and 10% managing administrative tasks;
- ii) Consulting fees of \$1,218 related to consultant travel and meal expenses;
- iii) \$5,847 in drilling, mapping and sampling activities;
- iv) and \$26,290 in environmental permitting, mining rights and other general exploration costs.

#### ***Dividend Report and Policy***

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

## SUMMARY OF QUARTERLY RESULTS

The following table provides selected quarterly unaudited financial data for the eight most recently completed interim quarters:

	<i>September 30, 2020</i>	<i>June 30, 2020</i>	<i>March 31, 2020</i>	<i>December 31, 2019</i>	<i>September 30, 2019</i>	<i>June 30, 2019</i>	<i>March 31, 2019</i>	<i>December 31, 2018</i>
<b>Revenue</b>	\$ Nil	\$Nil	\$Nil	\$Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
<b>Operating Income (loss)</b>	\$ (58,614)	\$ (59,456)	\$ (62,429)	\$ (77,124)	\$ (72,337)	\$ (70,887)	\$ (116,580)	\$ 56,665
<b>Operating Income (loss) per share – basic and diluted</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.01
<b>Net income (loss)</b>	\$ (54,944)	\$ (63,821)	\$ (67,129)	\$ (82,198)	\$ (58,424)	\$ (91,459)	\$ (109,048)	\$ 71,809
<b>Earnings (loss) per share – basic and diluted</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.01

### *Summary of Results During the Prior Eight Quarters*

Net loss decreased for the three months ended September 30, 2020 by \$8,877 due primarily to a \$11,034 gain on termination of the Company's office lease, a \$5,660 decrease to office and general due to decreased activity, offset by an increase of \$4,818 to professional fees due to an audit accrual reversal in the prior quarter.

Net loss decreased for the three months ended June 30, 2020 by \$3,308 due to a marginal decrease in office and general expenses.

Net loss decreased for the three months ended March 31, 2020 by \$15,069, primarily due to a decrease in management and director fees, partially offset by an increase in office and general expense.

Net loss increased for the three months ended December 31, 2019 by \$23,774, primarily due to an increase in management and director fees, partially offset by a decrease in office and general expense.

Net loss decreased for the three months ended September 30, 2019 by \$33,035, primarily due to decrease in foreign exchange loss, professional fees and depreciation expense compared to the prior quarter, offset by an increase in office and general expense.

Net loss decreased for the three months ended June 30, 2019 by \$17,589, primarily due to decrease on professional fees and shared based compensation expense compared to the prior quarter, offset by an increase in depreciation expense and an increase in the foreign exchange loss.

Net loss increased for three months ended March 31, 2019, primarily due to an increase in management fees due to a fourth quarter 2018 reclassification of \$165,000 in management fees to exploration and evaluation costs related to TAD Financial Corp. for management of the Los Venados Property, as well as increases in professional and office and general expenses. This was partially offset by a decrease in investor relations and share based compensation incurred in the first quarter 2019.

For the three months ended December 31, 2018, the Company recorded a net income compared to the previous quarter net loss primarily due to the recovery of previously recorded management and directors' fees, consulting and other general and administrative fees during the nine months ending September 30, 2018 of which were reclassified to exploration or reversed during the quarter. This was partially offset by share-based payments expense from the issuance of 500,000 options to consultants during the period.

## 1.5 CAPITAL RESOURCES AND LIQUIDITY

As an exploration company, the Company has not generated any revenues from operations (other than limited interest income) with the primary source of financing to date being from the issuance of equity securities. An analysis of the capital position at September 30, 2020 and December 31, 2019 is as follows:

As at September 30, 2020 the Company had a working capital deficiency of \$1,036,306 (December 31, 2019 - \$730,495) and cash of \$1,345 (December 31, 2019 - \$12,924). During the nine months ended September 30, 2020, the Company's capital position was supported by the issuance of \$115,480 in short-term demand loans by the Company's management.

At September 30, 2020, the Company had outstanding loans due to the Chief Executive Officer and Chief Financial Officer of the Company for \$182,730 and \$17,750, respectively (2019 - \$85,000 and \$nil). The loans bear interest at 10% per annum, are unsecured and are due on demand.

The Company will need to raise additional funds if it plans to expand its exploration program and meet general working capital requirements.

## **1.6 SUPPLEMENTAL CASH FLOW INFORMATION**

### *Operating Activities*

During the nine months ended September 30, 2020, cash provided by operating activities were \$59,641 (2019 - \$80,729 used). The decrease in cash used is primarily a result of lower net loss in the period as well as increases in accounts payable during the nine months ended September 30, 2020 as a result of the Company's capital management strategy.

### *Investing Activity*

During the nine months ended September 30, 2020, cash used in the Company's investing activity consisted of exploration and evaluation expenditures of \$154,855 (2019 - \$470,526). The decrease is primarily a result of less exploration activity performed in the current period due to COVID-19.

### *Financing Activities*

During the nine months ended September 30, 2020, cash inflows from financing activities were \$83,635 (2019 - \$127,119). The decrease was due to \$125,000 being generated in the prior period from warrants exercised, offset by \$115,480 generated during the nine months ended September 30, 2020 from related party loans.

## **1.7 OFF-BALANCE SHEET ARRANGEMENTS**

Pursuant to the mining exploration agreement with the Los Venados property Underlying Optionor, the Company has the following obligations:

- i) pay \$20,000 on or before October 6, 2020 to extend its Option to October 6, 2021 (paid by Alamos pursuant to the Alamos Option Agreement, see section 1.2) and
- ii) pay \$60,000 on or before October 6, 2021 to exercise its Option.

If the Mexican Agreement remains in good standing on the applicable payment date, payment ii) above will also be made by Alamos.

## 1.8 TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and certain officers as its key management personnel. Current directors and officers of the Company are as follows:

Thomas Doyle, CEO, President and Director  
Logan Anderson, CFO and Director  
James Carter, Director  
Gregory C. Burnett, Director

Key management compensation is summarized as follows:

<b>For the nine months ended September 30,</b>		<b>2020</b>		<b>2019</b>
Management fees	\$	162,000	\$	162,000
Directors' fees		27,000		18,000
<b>Total</b>	<b>\$</b>	<b>189,000</b>	<b>\$</b>	<b>180,000</b>

Related party transactions during the nine months ended September 30, 2020 and 2019 are as follows:

During the nine months ended September 30, 2020, management fees paid to the Chief Executive Officer, Thomas Doyle, were \$135,000 (2019 - 135,000). \$121,500 (2019 - \$135,000) of the fees has been capitalized to exploration and evaluation assets and the remaining \$13,500 (2019 - \$nil) was expensed as management fees in the income statement. The Company additionally recorded income from the sublease of its office space of \$6,000 (2019 - \$nil) from Gregory Burnett, a director of the Company.

During the nine months ended September 30, 2020, directors' fees of \$13,500 (2019 - \$7,500) were paid or became payable to Gregory Burnett and director's fees of \$13,500 (2019 - \$10,500) were paid or became payable to James Carter.

### *Related party balances*

At September 30, 2020, \$476,625 (December 31, 2019 - \$341,625) was due to a Company, TAD Financial Corp., owned by the Company's Chief Executive Officer, Thomas Doyle for management fees. This amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

At September 30, 2020, \$141,682 (December 31, 2019 - \$113,925) was due to Amteck Financial Corp., owned by the Company's Chief Financial Officer, Logan Anderson, for management fees. This amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

At September 30, 2020, \$48,000 (December 31, 2019 - \$34,500) was due to the Company's director, Gregory Burnett, for director fees. This amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

At September 30, 2020, \$28,500 (December 31, 2019 - \$15,000) was due to the Company's director, James Carter, for director fees. This amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

As at September 30, 2020, \$18,000 (December 31, 2019 - \$12,000) was due from Gregory Burnett, a director of the Company and is included in the other receivables balance.

At September 30, 2020, the Company had outstanding loans due to the Chief Executive Officer, Thomas Doyle, and Chief Financial Officer, Logan Anderson, of the Company for \$182,730 and \$17,750, respectively (December 31, 2019 - \$85,000 and \$nil). The loans bear interest at 10% per annum, is unsecured and due on demand. At September 30, 2020, accrued interest related to the outstanding loans was \$15,189 (December 31, 2019 - \$nil).

## *Related party transactions*

During the nine months ended September 30, 2020, the Company recorded income from the sublease of its office space of \$6,000 (2019 - \$nil) from Gregory Burnett, a director of the Company.

## **1.9 PROPOSED TRANSACTIONS**

There are no asset or business acquisitions, or dispositions currently being proposed by the directors or Senior Management of the Company that will have a material effect on the financial condition, results of operations or cash flows of the Company.

## **1.10 STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTIONS**

### **Accounting standards adopted effective January 1, 2020**

The Company has reviewed new and revised accounting pronouncements that were issued and effective as of January 1, 2020. The Company has determined there were no new effective accounting standards with a material effect on the Company.

### **Accounting standards issued but not yet effective**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

## **1.11 FINANCIAL AND OTHER INSTRUMENTS**

Due to their short-term nature, the carrying amount of cash, other receivables and accounts payable and accrued liabilities approximates their fair value. Cash is measured at fair value while other receivables, accounts payable and accrued liabilities, related party loan and lease liability are measured at amortized cost.

See Notes 3 and 10 of the Company's December 31, 2019 audited consolidated financial statements for further details of the Company's use of financial instruments.

## **1.12 DISCLOSURE OF OUTSTANDING SHARE DATA**

The total number of outstanding common shares, warrants, and stock options as of the date of this MD&A are 49,988,129, nil and 500,000, respectively.

## **1.13 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

During the nine months ended September 30, 2020, and 2019, the Company incurred the following expenses:

	<b>2020</b>		<b>2019</b>	
Capitalized acquisition costs	\$	40,000	\$	55,000
Capitalized exploration costs		154,855		470,526
Operating expenses		180,499		259,804
	\$	375,354	\$	785,330

#### **1.14 SUBSEQUENT EVENT**

On October 19, 2020, the Company entered into an option agreement whereby Alamos Gold Inc. may acquire 70% interest of the Los Venados Project from the Company by incurring an aggregate of USD \$5,000,000 in exploration expenditures and making certain cash payments over three years. On October 19, 2020, the Company received USD \$50,000 from Alamos in accordance with the Option Agreement (refer to Note 8 of the condensed consolidated interim financial statements for the nine months ended September 30, 2020).

#### **1.15 OTHER INFORMATION**

Other information can be found at the following websites [www.sedar.com](http://www.sedar.com) or <https://aloromining.com/>

This Management Discussion and Analysis has been reviewed and approved by Melvin A. Herdrick P. Geo and he acts as the Company's Qualified Persons responsible for preparing and approving all technical information disclosed, as required by National Instrument 43-101.