

HANSA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

This discussion and analysis of financial position and results of operation is prepared as at October 26, 2020 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended June 30, 2020 and 2019 of Hansa Resources Limited ("Hansa" or "the Company"). The following disclosure and associated consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

COVID-19

On March 11, 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. COVID-19 has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Company Overview

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "HRL". The Company is a junior resource company engaged in the acquisition, exploration and development of unproven mineral interests. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

Since 2012 the Company has been conducting prospect generation activities. The Company had previously identified the Zhumba gold prospect (the "Zhumba Property"), which consisted of two claims located in the Kokepektinsky and Ulansky districts in eastern Kazakhstan. Over the years the Company worked to deal with all government agencies to obtain tenure to the Zhumba Property and, after extensive negotiations, in fiscal 2017 the Company was advised

that the concession to the Zhumba Property had been granted. On June 23, 2017 the Company completed all conditions precedent and finalized the farm-out of its 90% interest in the Zhumba Property to Kazzinc Limited (“Kazzinc”). As consideration the Company received payment of \$797,436 in fiscal 2017. In fiscal 2019 the Company received a further \$89,621 upon the settlement of accounts payables and release of remaining funds held. The Company will also receive a 1.9% net smelter return royalty on the 90% interest from production at the Zhumba Property.

The Company was obligated to pay US \$100,000 to the former owner of the Zhumba Property of which US \$50,000 was paid in fiscal 2019. As at June 30, 2020 the Company has recorded a remaining obligation of US \$50,000 in accounts payable and accrued liabilities.

On February 1, 2018 the Company entered into a mineral property option agreement with Poseidon Offshore Minerals Inc. (“Poseidon”). Poseidon had applied for an offshore mineral reconnaissance license (the “License”) to explore for gold, diamonds and heavy minerals on the continental shelf of Ghana. Pursuant to the Option Agreement, Poseidon granted to the Company an exclusive option to acquire 60% of Poseidon’s direct and indirect interest in and to the License, which would represent a 54% interest in the License taking into account the interests of the Government of Ghana. In August 2018 the Company was informed of delays in the License process which impacted the Company’s ability to conduct a financing. As there was no timetable for the granting of the License, during fiscal 2018 the Company terminated the Option Agreement and recorded a write-off of \$136,070 (US \$100,000) for an option payment made. The Company and Poseidon agreed to continue to investigate and review other opportunities in Liberia and the Company paid \$19,785 in fiscal 2020. These efforts were unsuccessful.

Management is continuing with its due diligence on identifying other potential mineral exploration and evaluation licenses.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Years Ended June 30,		
	2020 \$	2019 \$	2018 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(159,694)	(399,171)	(387,888)
Other items	26,433	101,211	(118,094)
Comprehensive (loss) income	(133,261)	(297,960)	(505,982)
Basic and diluted (loss) income per share	(0.00)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	418,642	551,903	558,183
Total assets	490,654	647,492	988,581
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited condensed interim consolidated financial statements of the Company.

	Fiscal 2020				Fiscal 2019			
	Jun. 30 2020 \$	Mar. 31 2020 \$	Dec. 31 2019 \$	Sep. 30 2019 \$	Jun. 30 2019 \$	Mar. 31 2019 \$	Dec. 31 2018 \$	Sep. 30 2018 \$
Operations:								
Revenues	Nil							
Expenses	(13,087)	(11,604)	(90,889)	(44,114)	(208,590)	(45,458)	(65,195)	(79,928)
Other items	(16,296)	37,524	(4,933)	10,138	80,086	(10,718)	41,950	(10,107)
Net (loss) income	(29,383)	25,920	(95,822)	(33,976)	(128,504)	(56,176)	(23,245)	(90,035)
Basic and diluted income (loss) per share	(0.00)	0.00	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Dividends per share	Nil							

	Fiscal 2020				Fiscal 2019			
	Jun. 30 2020 \$	Mar. 31 2020 \$	Dec. 31 2019 \$	Sep. 30 2019 \$	Jun. 30 2019 \$	Mar. 31 2019 \$	Dec. 31 2018 \$	Sep. 30 2018 \$
Balance Sheet:								
Working capital	418,642	448,025	422,105	517,927	551,903	520,407	576,583	470,378
Total assets	490,654	522,585	561,808	626,338	647,492	775,095	882,596	889,336
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended June 30, 2020 Compared to Three Months Ended March 31, 2020

During the three months ended June 30, 2020 (“Q4”) the Company reported a net loss of \$29,383 compared to net income of \$25,920 during the three months ended March 31, 2020 (“Q3”). The \$55,303 increase in loss is primarily attributed to a foreign exchange gain of \$35,721 on US dollars held during Q3 compared to a loss of \$16,514 during Q4.

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

During the three months ended June 30, 2020 (“Q4/2020”) the Company reported a net loss of \$29,383 compared to a net loss of \$128,504 during the three months ended June 30, 2019 (“Q4/2019”). The \$99,121 decrease in loss is mainly attributed to the Company recognizing \$160,000 share-based compensation on the granting of options during Q4/2019 which was partially offset by the Company recording \$89,621 proceeds received from the settlement of accounts payable and release of remaining funds held from the sale of the Zhumba Property during Q4/2019.

Year Ended June 30, 2020 (“fiscal 2020”) Compared to Year Ended June 30, 2019 (“fiscal 2019”)

During fiscal 2020 the Company recorded a net loss of \$133,261 compared to a net loss of \$297,960 for fiscal 2019. The \$164,699 decrease in loss during fiscal 2020 is attributed to an overall decrease of \$239,477 in general and administrative expenses from \$399,171 during fiscal 2019 to \$159,694 during fiscal 2020 which was partially offset by the Company recording \$89,621 proceeds received from the settlement of accounts payable and release of remaining funds held from the sale of the Zhumba Property during fiscal 2019. Fluctuations in expenses were as follows:

- (i) share-based compensation of \$160,000 on the granting of options to purchase 4,000,000 common shares of the Company during fiscal 2019. No options were granted during fiscal 2020;
- (ii) \$10,525 for legal services were incurred during fiscal 2020 compared to \$22,515 during fiscal 2019. During fiscal 2019 significant services were incurred to complete the closing of the disposition of the Zhumba Property;
- (iii) during fiscal 2019 the Company incurred \$28,446 for corporate development, in which the Company engaged various firms to disseminate corporate information on the Company through various marketing campaigns in anticipation of the Company’s focus on exploration in Ghana. No corporate development activities were conducted during fiscal 2020;
- (iv) website costs of \$5,468 were incurred during fiscal 2019 compared to \$1,133 during fiscal 2020. During fiscal 2019 there were additional fees for the development of the Company’s website;
- (v) during fiscal 2020 period the Company paid \$30,000 for professional services provided by a private corporation owned by the CFO of the Company;
- (vi) effective October 1, 2019 the Company’s CEO and directors voluntarily ceased to receive their monthly compensation. As a result, executive management compensation decreased from \$108,000 during fiscal 2019 to \$27,000 during fiscal 2020;
- (vii) during fiscal 2020 the Company paid \$19,785 to Poseidon to conduct due diligence on prospective concessions in Liberia.

Financial Condition / Capital Resources

As at June 30, 2020 the Company had working capital of \$418,642 and, on August 31, 2020 the Company completed a private placement financing to raise a further \$437,500. The Company considers that it has adequate resources to maintain anticipated levels of corporate administration for the next twelve months. However, the Company anticipates

that it may be required to raise additional capital to continue conducting due diligence on identifying and evaluating potential mineral interest acquisitions or other business opportunities and completion of any such acquisitions. The Company's operations are typically funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. See also "COVID-19".

In order to conserve the Company's working capital, the Company's CEO and its directors voluntarily suspended their compensation effective October 1, 2019. The Company will consider reinstating compensation arrangements upon completion of new business opportunities and sufficient financing.

Contractual Commitments

The Company has no contractual commitments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Changes in Accounting Principles

The Company adopted IFRS 16 - *Leases* ("IFRS 16") effective July 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no impact on the Company's consolidated financial statements upon the adoption of this new standard.

A detailed summary of the Company's other significant accounting policies is included in Note 3 to the June 30, 2020 audited annual consolidated financial statements.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. The Company has determined that key management personnel consists of members of the Company's Board of Directors and Executive Officers.

- (a) During fiscal 2020 and 2019 the Company incurred executive management compensation to key management personnel as follows:

	2020	2019
	\$	\$
Mr. Nugent - President, CEO and Director	15,000	60,000
Mr. DeMare - CFO, Corporate Secretary and Director	3,000	12,000
Mr. Atkinson - Director	3,000	12,000
Mr. DiPasquale - Director	3,000	12,000
Mr. Siemens - Director	3,000	12,000
Share-based compensation - Mr. Nugent	-	60,000
Share-based compensation - Mr. DeMare	-	16,000
Share-based compensation - Mr. Atkinson	-	30,000
Share-based compensation - Mr. DiPasquale	-	20,000
Share-based compensation - Mr. Siemens	-	24,000
	<u>27,000</u>	<u>258,000</u>

Effective October 1, 2019 the Company's officers and its directors voluntarily suspended their compensation. As at June 30, 2020 \$nil (2019 - \$27,005) remained unpaid.

See also "Financial Condition / Capital Resources".

- (b) During fiscal 2020 the Company incurred a total of \$12,200 (2019 - \$13,150) with Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and \$4,020 (2019 - \$4,020) for rent. As at June 30, 2020 \$2,135 (2019 - \$2,135) remained unpaid.

During fiscal 2019 the Company also recorded \$10,000 for share-based compensation for share options granted to Chase.

- (c) During fiscal 2020 the Company paid \$30,000 to DNG Capital Corp., a private corporation owned by Mr. DeMare, for special professional services rendered.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value and unlimited preferred shares without par value. As at October 26, 2020, there were 69,913,317 outstanding common shares, 6,250,000 warrants outstanding at an exercise price of \$0.05 per common share and 4,000,000 share options outstanding with an exercise price of \$0.05 per common share.