



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE  
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

# ***LAURION Mineral Exploration Inc. Management's Discussion and Analysis***

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of LAURION Mineral Exploration Inc. (the "Corporation") for the 9 months ended September 30, 2021 and should be read in conjunction with the condensed interim consolidated financial statements and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards.

The MD&A is the responsibility of management and is dated as of November 25, 2021.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Corporation's website at <http://LAURION.ca> or by contacting Cynthia Le Sueur-Aquin, President of the Corporation, at LAURION Mineral Exploration Inc., 40 King Street West, Suite 5800, Toronto, ON M5H 3S1, Telephone: 705 788-9186, Fax: 705 805-9256, email: [clesueuraquin@LAURION.ca](mailto:clesueuraquin@LAURION.ca).

## **Forward-Looking Statements**

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance, or results to be materially different from those indicated in these forward-looking statements. The Corporation is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events, or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

**See page 10 for Material assumptions and risk factors for forward-looking statements.**

## **The Corporation**

The Corporation is a public corporation engaged in the acquisition, exploration, and development of Canadian gold mineral resource properties. The Corporation is a reporting issuer in Ontario, Alberta and British Columbia and its common shares are listed for trading on the TSX Venture Exchange under the trading symbol "LME", and in the United States on the OTC under the trading symbol LMEFF.

The Corporation has a 100% interest in Ishkoday, a gold-rich and polymetallic property located 28 km northeast of the Town of Beardmore, Ontario, and 220 km northeast of Thunder Bay, Ontario and a 30% joint venture interest in Midlothian and Doon, a platinum group elements-nickel-copper-zinc-gold property located 80 km west-southwest of Kirkland Lake and 25 km west-southwest of the Town of Matachewan.

## **Overall Performance**

### ***Changes in key management personnel***

<b>Date</b>	<b>Change</b>
January 25, 2021	David Lewis, P. Geo. resigned as Exploration Manager
January 26, 2021	Jean-Philippe Paiement was appointed as Technical Advisor-Exploration

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### ***Midlothian option grant***

The Corporation owns a 30% joint venture interest and Canadian Gold Miner Corp. ("Canadian Gold") owns a 70% joint venture interest in Midlothian consisting of 11 claims (152 claim units) covering 2,520 hectares located 80 km west-southwest of Kirkland Lake and 25 km west-southwest of the Town of Matachewan and Doon consisting of 1,721 hectares located adjacent to Midlothian.

On November 19, 2021, the Corporation and Canadian Gold. granted an option to Canada Nickel Company Inc. to acquire a 100% interest in Midlothian by making payments, issuing common shares and incurring exploration expenditures, as follows:

	Option payments \$	Common shares	Exploration expenditures \$
Upon grant of the option	50,000	100,000	–
November 19, 2022	–	–	500,000
May 19, 2023	100,000	35,000	–
February 19, 2024	200,000	70,000	–
November 19, 2024	300,000	105,000	–
November 19, 2025	400,000	140,000	2,000,000
	1,050,000	450,000	2,500,000

All option payments and common shares will be allocated to the Corporation and Canadian Gold based on their respective joint venture interest at the time of payment.

The Corporation and Canadian Gold will retain a net smelter return royalty of 4% for gold and 2% for nickel with a commercial production payment of \$4,000,000.

#### **Memorandum of Understanding with First Nations**

On November 19, 2021, the Corporation entered a non-binding Memorandum of Understanding (“MOU”) to collaborate on mutually beneficial initiatives regarding exploration and mining in the traditional territories of the Animbiigoo Zaagi’igan Anishinaabek (“AZA”), Bingwi Neyaashi Anishinaabek (“BNA”), Biinjitiwaabik Zaaging Anishinaabek (“BZA”) First Nations.

The MOU is the initial step in establishing a framework for regular communication and setting the ground rules to mitigate against environmental impacts due to exploration and mining. The MOU formalizes the parties’ shared commitment to respect cultural and traditional activities on the traditional territory of the AZA, BNA and BZA First Nations.

#### **Private placements**

On June 4, 2021, the Corporation completed a private placement of 234,126 units (“Units”) at a price of \$0.63 for gross proceeds of \$147,499 and 369,400 flow-through units (“FT Units”) at a price of \$0.67 per FT Unit for gross proceeds of \$247,498. Each Unit consisted of one common share and one warrant, and each FT Unit consisted of one flow-through common share and one warrant. Each Unit warrant and FT Unit warrant will entitle the holder to purchase one common share for \$0.72 until June 4, 2022.

On March 12, 2021, the Corporation completed a private placement of 681,817 units at price of \$0.22 per unit for gross proceeds of \$150,000 and 6,386,344 flow-through units at a price of \$0.23 per unit for gross proceeds of \$1,468,859. Each unit consisted of one common share and one warrant, and each flow-through unit consisted of one flow-through common share and one warrant. Each unit warrant and flow-through unit warrant, entitles the holder to purchase one common share for \$0.24 and \$0.25, respectively, until March 12, 2022.

#### **Exercise of stock options and warrants**

For the 9 months ended September 30, 2021, the Corporation received \$47,495 on the exercise of 249,983 stock options and \$4,865,848 on the exercise of 27,463,251 warrants

Subsequent to September 30, 2021, the Corporation received proceeds of \$1,072,024 on the exercise of 4,496,113 warrants.

#### **Grant of stock options**

The Corporation granted the following stock options to directors and a consultant:

Exercise price	Date of grant	Expiry date	Number of stock options granted
\$0.23	January 26, 2021	January 26, 2026	250,000
\$0.23	April 13, 2021	April 13, 2026	674,090
\$0.55	August 19, 2021	August 19, 2026	36,212

## Exploration and evaluation

### *Ishkoday*

The Corporation holds the following interests in the Ishkoday situated in the Onaman-Tashota Greenstone Camp in the Irwin, Walters, Elmhirst and Pifher Townships located 25 km northeast of the Town of Beardmore, Ontario and 220 km northeast of Thunder Bay, Ontario:

<b>100% interest:</b>	<b>Interest</b>	<b>Hectares</b>
Ishkoday	15 mining leases	657
Ishkoday North	164 boundary and single cell claims	2,864
Ishkoday South	5 boundary cell claims	64
Ishkoday East	28 boundary and single cell claims	336
Jubilee-Elmhirst	4 mining leases	74
Beaurox	1 mining lease	447
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<b>60% interest with an option to increase to a 100% interest:</b>		
Brenbar	2 mining leases	255
		<hr/>
		4,697

Ishkoday has favourable year-round access and proximity to all services, including grid power and water supply, which management believes translates to lower exploration and development costs.

The Corporation has a property-wide database of 390 diamond drill holes totalling 63,996.9 m, several geophysics databases, forming an extensive GIS database. The corporation has also completed property-wide detailed sampling, trenching and channel sampling, mapping and geochemical analyses.

Ishkoday is host to the Sturgeon River Mine, which operated between 1936 and 1942, producing 73,322 ounces of gold and 15,929 ounces of silver from the milling of approximately 145,123 tonnes of ore grading 17 g/t gold. Gold is found in quartz veins, in pyrite and between pyrite and gangue minerals, but also in fractures and most commonly associated with pyrite-chlorite-sericite of the wall rocks. The Sturgeon River Mine is open at depth beyond the current diamond drill limit of -200m from surface, based on the historical mining to a -685 m depth, as evidenced in the past producing Sturgeon River Mine.

### *Jubilee-Elmhirst*

The Corporation holds a 100% interest in Jubilee-Elmhirst, subject to a 2% net smelter return royalty. At any time, the Corporation has the option to reduce the royalty to 1% by making a payment of \$1,000,000.

### *Beaurox*

The Corporation holds a 100% interest in Beaurox, subject to a 3% net smelter return royalty. At any time, the Corporation has the option to reduce the royalty to 1.5% by making a payment of \$1,500,000 or to 2% by making a payment of \$1,000,000.

### *Brenbar*

On December 18, 2019, the Corporation was granted an option to earn up to a 100% interest in Brenbar consisting of 2 leases covering 255 hectares contiguous and to the west of Ishkoday.

Mining at Brenbar took place sporadically between 1941 and 1949 with 135 tonnes taken averaging approximately 20 g/t gold. Underground development was confined to a 64 m deep shaft, and drifts at the 31 m and 61 m levels. Numerous quartz veins up to 1 m wide were exposed. These quartz veins contain pyrite, galena, sphalerite, chalcopyrite and native gold.

On December 18, 2020, the Corporation earned a 60% interest in Brenbar and has an option to increase its interest to 100%.

In order to earn its 60% interest, the Corporation made option payments, issued common shares and incurred exploration expenditures, as follows:

	Option payments \$	Common shares		Exploration expenditures \$
		Number	Fair value \$	
Upon execution of agreement	50,000	300,000	48,000	–
September 18, 2020	40,000	160,000	32,800	–
December 18, 2020	25,000	100,000	20,000	100,000
	115,000	560,000	100,800	100,000

In order to its interest from 60% to 100%, the Corporation must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments \$	Common shares		Exploration expenditures \$
		Number	Fair value \$	
December 18, 2021	25,000	100,000	–	100,000
December 18, 2022	25,000	100,000	–	100,000
	165,000	760,000	–	300,000

#### *Summary of the Q3 2021 exploration campaign*

The Corporation's 2019 exploration work identified three major gold-mineralized trends, Sturgeon River Mine, M25/Marge and Loki, which extends along strike for 2+km, 1.8+km and 3+km, respectively.

In mid-April, the Corporation's field crew mobilized to the Ishkoday Property, in order to commence 10,000m of diamond drilling to expand on new targets and high priority targets, along with a field validation program on gold and polymetallic targets.

The Corporation's 2021 Drill Program has been designed with the objective of:

- 1) Defining mineralized bodies along the 2.7km strike length hosting the Niish, Behzik, CRK, McLeod, Joe and A-Zones; building on the encouraging 2020 drill intercepts; and,
- 2) Exploring, testing and expanding newly interpreted mineralized systems at the Property scale.

This drilling campaign aimed at developing numerous advanced drill targets generated from recent data integration and re-interpretation of the structural and geological settings.

The Corporation has interpreted a number of N-trending mineralized structures in addition to already known NE-NEE trending mineralized zones. The N-trending mineralized zones are believed to be comparable structures to the historic Sturgeon River and Brenbar mines.

The 2020 drill program highlighted the importance of the intersection of these structures with the NE-NEE trending zones as prime target areas for further exploration including the newly discovered Niish Zone. The new Niish discovery zone is located on a major N-trending mineralized structure, and lies along the same mineral-rich felsic horizon as the A-Zone extension located 500 m to the north-east. LME20-030 was drilled to test and follow up on an historical drill hole (88-33) which intersected 18.7 m grading 0.30 g/t Au, 4.31 g/t Ag, 0.15 % Cu and 1.18 % Zn.

Drill hole LME20-031 was designed to test a large VTEM anomaly combined with magnetic high and to test at depth historic hole 88-33. The mineralized zone is interpreted to widen significantly at depth. This intercept represents a new zone that is completely open along strike and at depth (See press release January 19, 2021).

Highlights of these drill holes are as follows:

- LME20-031: 70.65 m of 3.90 g/t Au, 6.46 g/t Ag, 0.25 % Cu, 0.40 % Zn from 325- 423.25m:
- LME20-030: 18.50 m of 0.18g/t Au, 14.64g/t Ag, 0.21% Cu and 3.69% Zn from 141.50 -160.00 m.

The Ishkoday Property lies in a volcanogenic setting comprised of felsic volcanic, volcanic flow (pyroclastic) breccias interlaid with interpreted mafic sedimentary rocks. The basement is interpreted to be composed of mafic volcanics.

The early evidence from geochemistry data, geological observation and mineralization compositions shows early indications that the geological setting could be compared to the Rainy River Deposit geology. At least 3 episodes of deformation are interpreted from the different fold axes identified in the 2021 re-interpretation. The compressional deformation event generated major shear zones, with subsidiary structures trending NNE to NE. Extensional third order structures are interpreted to be oriented NS to NNE.

Mineralization is composed of quartz vein stockworks and sulphide zones, comprising varying amounts of pyrite, sphalerite and chalcopyrite. Two major types of mineralization are currently recognized: 1) syn-genetic volcanogenic sulphide zones; and 2) remobilized orogenic related gold-bearing quartz veins.

### **Exploration Outlook for 2021 and 2022**

The Corporation aims to build on the successes of the 2020 and 2021 exploration and drill programs as a springboard for another highly productive year.

In April 2021, the corporation commenced a 10,000m diamond drill hole program, with the objective of defining the mineralized system along a strike extension of 1.25 km from the A-Zone, (Behzik Zone) 2020 Niish discovery zone to the McLeod Zone.

Preliminary observations and results confirmed the existence of an extension of the new Niish structure 850m to the northeast in drill hole LBX21-032. Drilling confirmed the extension at depth of the Behzik zone at around 410m below surface level as well of its steep dip to the northwest. The initial drill holes targeted unexplored areas to depths, approximately 650m from surface, across the 1.25 km strike to investigate the geometry and grade distribution of the greater Niish and Behzik zone. The drill program was also conducted with the objective of understanding the litho-structural model and define the mineralized system as seen in historic (1980s and 1990s) and the Corporation's N (2012 to 2020) drilling, which intersected significant grades and widths of gold and polymetallic mineralization (See Press release August 10, 2021).

A LiDAR survey was conducted at the end of May 2021 over the entire property. This high precision laser imaging survey provided the Corporation with a high-definition digital elevation model (DEM). The new DEM model is key in the interpretation of the structural feature on the property. Historical trenches are also evident on the survey and are aiding the geological team in the further expansion of already known mineralized zones.

The Corporation also completed a program of stripping and trenching, exposing 4 new mineralized areas of interest: The A-Zone, the Niish, the Garvey Zone and a new zone, "the Pond", located near the McLeod prospect, and 1.4 km to the southwest of the A-Zone. (Results of the Channel Sampling from these areas were disclosed in a Press Release dated August 24, 2021)

Stripping on the A-Zone revealed a series of sub-parallel horizons with folded semi-massive lenses, hosting up to 45% sulphides. A total of five (5) subparallel mineralized horizons were discovered in the A-Zone, all striking to the northeast. These horizons are converging toward what have been interpreted as a fold hinge, with a reconcentration of lens-shaped sulphide. These sulphide lenses consist of brecciated quartz within a sulphide matrix comprised of pyrite, chalcopyrite, sphalerite, and galena and are believed to be part of the volcanogenic mineralization at the Ishkoday Property. A total of 82 channels were sampled across the newly discovered A-Zone extension and 255 samples were taken on all the trenches.

A new mineralized zone of 4 sub-parallel veins, called 'The Pond' was also exposed. These veins are part of the McLeod mineralized system, which is hosted in a sequence of felsic-intermediate volcanic and strikes N215 with a 70 dip to the South. Mineralization can be found in 4 distinct sub-parallel veins which are 20m apart and are composed of brecciated quartz with disseminated fine pyrite (up to 15%), chalcopyrite and sphalerite. This new mineralized area hosts gold, silver, copper, lead and zinc over a strike length of 130m and a width up to 2.7m. The Corporation's stripping effort revealed a series of sub-parallel quartz-sulphide veins, striking to the southwest with a steep dip to the northwest. These orientations are comparable to the ones observed at the A-Zone. Sampling focus was put on the 2 main veins: the McLeod quartz vein and the newly discovered polymetallic vein dubbed the Pond. The McLeod quartz vein contains low pyrite (<2%), with sericite and chlorite alteration. A section of the vein is cut by a regional shear zone and presents a brecciated texture with strong epidote and chlorite alteration. The McLeod quartz vein was power washed for approximately 7 m and four samples were collected. The LiDAR survey was most helpful in highlighting a possible extension of more than 400m along strike.

On July 21, 2021, the 10,000m 2021 diamond drill program was paused due to the current forest fire hazards (See Press Release 21, July 2021). On August 3, 2021, the Corporation announced that it had received notice that the Implementation Order Covering Restricted Fire Zones were lifted, for the area covering the east and north of Lake Nipigon.

Drilling resumed and the Corporation's exploration team commenced the balance of the drilling, focused on in-fill drilling the areas between the A-Zone and McLeod Zone. Since the discovery of the McLeod Zone, there has been very little exploration conducted in the swamp area between both showings (McLeod and A-Zone) and recent advances showed that the A-Zone mineralization is similar to the McLeod Zone.

The assay results from the balance of the 15 drill holes totalling 89.4 metres drill program, contributed to a new geological understanding, confirming the presence of volcanogenic mineralization (A-Zone type) over the whole strike length between the McLeod Zone and A-Zone. The strike length across the mineralized zones is approximately 1.4 km, with a confirmed depth up to 150 m from the surface.

Mineralization occurs in a series of intermediate to felsic volcanic units cut by dioritic dykes. Much of the mineralization is hosted in pervasive pyrite-sphalerite-quartz-carbonate stockworks and 2 veins, with some massive sulphide horizons. Massive sulphide horizons appear to be the result of remobilization and concentration at the junction of a regional orogenic shear zone and a polymetallic volcanogenic system. It is currently interpreted that the junctions represent possible ore shoots, containing higher grades and widths in precious and base metals. These intersections can be observed in both the A-Zone and McLeod/Pond outcrops as stated in the Corporation's press release from August 10 ,2021.

A soil survey completed north of the Sturgeon River, 1.5 km north of the McLeod Zone highlighted several copper anomalies, confirming the potential for additional volcanogenic mineralization North of the current area of focus.

In a press release dated January 26, 2021, the Corporation announced the appointment of Mr. Jean-Philippe Paiement P.Geo, MSc, as Technical Advisor - Exploration Geology to the Corporation.

The Corporation has been working with Mira Geoscience, of whom, Jean-Philippe Paiement is also the Director of Global Consulting. Mira's directive was to conduct a "full integration" of the Corporation's data, to develop an integrated 3D model from which a mineralization's genetic and exploration model can be derived. Our collective objective is to generate a multi-parameter platform to produce a high-level targeting approach with the objective to identify the larger scale ore-forming mineralizing system. Using Ishkoday's substantial surface exposure and information as springboard the model will enable the Corporation to connect the current exploration targets over a 6 km strike length corridor with a width of 1.5 km, and to unlock value to the Corporation's shareholders.

Complementary to the addition of Mr. Jean-Philippe Paiement P. Geo, MSc, as Technical Advisor, LAURION retained Ronacher McKenzie Geosciences Inc. ("RMG") of Sudbury, ON to work with the Corporation in the design, execution, and geological management of exploration work on its Ishkoday Project. The Corporation has been most successful in achieving its exploration objectives and drilling goals over the last three years, accumulating a substantial geoscientific database. Gearing up into next phase of the Ishkoday exploration evolution and ramping up the 2022 drill program, the Corporation's engagement of the RMG muscle provides consistency and accessibility to a variety and depth of diverse geological expertise with innovative approaches and new techniques, to achieve the next level exploration successes and development of efficient operations. The RMG group of geologists and geophysicists will provide a unique combination of solutions for innovative targeting and resource development, across the 6km by 250m mineralized corridor on the Ishkoday

RMG. is an international consulting firm, providing geological and geophysical services for the mineral exploration industry with offices in Toronto and Sudbury, Canada.

The Corporation's advancements with database construction in combination with Mira's most advanced geological and geophysical modelling will provide a competitive advantage to strategically allocate resources to high priority drill targets. We believe Jean-Philippe as technical advisor will bring huge value to Ishkoday with his extensive experience and success in exploration discovery, with focus to rapid resource expansion, in conjunction with his key role at Mira.

### **Midlothian and Doon**

The Corporation owns a 30% joint venture interest in Midlothian which consists of 11 claims (152 claim units) covering 2,520 hectares located 80 km west-southwest of Kirkland Lake and 25 km west-southwest of the Town of Matachewan and Doon consisting of 1,721 hectares located adjacent to Midlothian. Doon is subject to the following:

- a) net smelter royalty of 2% covering 333 hectares which can be reduced to 1% by making a payment of \$1,500,000 plus a \$1,500,000 commercial payment.
- b) net smelter royalty of 2% covering 1,388 hectares which can be reduced to 1% by making a payment of \$1,500,000 and commercial payment of \$1,500,000.

The joint venture will incur exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest will be reduced solely to a 3% net smelter returns royalty on Midlothian ("Midlothian NSR") and 1% net smelter returns royalty on Doon. The other joint venture partner will have the option to reduce the Midlothian NSR from 3% to 2% by making a payment of \$1,000,000.

See page 1, *Midlothian option grant*.

### **Davidson-Tisdale and North Tisdale**

As part of the consideration for the Corporation selling its interest in Davidson-Tisdale and North Tisdale in 2010, the Corporation received and continues to hold a 2% net smelter royalty payable on commercial production from certain mineral rights known as the North Tisdale.

### **Risks and Uncertainties**

#### **Going Concern**

The Corporation is in the exploration stage and does not generate revenue. For the 9 months ended September 30, 2021, the Corporation incurred a loss of \$1,969,155 (2020 - \$1,628,184) and a cashflow deficit from operations of \$1,707,258 (2020 - \$1,420,728). The losses and cashflow deficit from operations limit the Corporation's ability to fund operations and the acquisition, exploration and development of mineral resource properties.

The continued operation of the Corporation is dependent upon the Corporation's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Corporation is actively seeking to raise the necessary advances and equity financing, however, there can be no assurance that additional financing will be available. These uncertainties may cast significant doubt about the Corporation's ability to continue as a going concern.

#### **Exploration**

The Corporation is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Corporation's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining permits, fluctuations in commodity prices and government and environmental regulations.

#### **COVID-19**

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods. To date, the Corporation has not been materially impacted by COVID-19.

### **Results of Operations**

	<b>3 months ended September 30,</b>		<b>9 months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>				
Professional fees	25,130	33,188	117,992	97,952
Management fees	31,550	22,530	80,991	77,294
Director bonus	19,750	–	100,694	7,740
Stock-based compensation	83,740	52,198	309,199	236,813
General and administrative	17,302	8,150	42,133	24,327
Investor relations	42,724	88,355	115,741	177,198
Public company costs	5,330	3,279	23,105	18,151
Travel	5,579	714	10,390	17,692
Exploration and evaluation	1,078,794	516,581	2,547,960	1,689,346
Part XII.6 tax	206	–	1,906	6,665
	<b>1,310,105</b>	<b>724,994</b>	<b>3,350,110</b>	<b>2,353,178</b>
Loss before income taxes	(1,310,105)	(724,994)	(3,350,110)	(2,353,178)
Deferred income tax recovery	49,368	–	120,218	–
Loss and comprehensive loss	<b>(1,260,737)</b>	<b>(724,994)</b>	<b>(3,229,892)</b>	<b>(2,353,178)</b>

### 9 months ended September 30

The Corporation incurred a loss of \$3,229,892 compared to a loss of \$2,353,178 in the comparative period of the previous year. The increase in the loss reflects the following factors:

1. an increase in director bonuses to \$100,964 (2020 - \$7,740) in recognition of significant contribution in the negotiation and completion of the private placement (see page 1, *Private placements*).
2. an increase in stock-based compensation to \$309,199 (2020 - \$236,813) as a result of stock options granted in the current year.
3. an increase in exploration and evaluation to \$2,547,960 (2020 - \$1,689,346).

### 3 months ended September 30

The Corporation incurred a loss of \$1,260,737 compared to a loss of \$724,944 in the comparative period of the previous year. The increase in the loss reflects the following factor:

1. an increase in exploration and evaluation to \$1,078,794 (2020 - \$516,581).

### Summary of Quarterly Results

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Loss								
- Total	(721,688)	(433,537)	(1,194,647)	(724,995)	(953,962)	(452,810)	(1,516,345)	(1,260,737)
- Per share	(0.004)	(0.002)	(0.007)	(0.004)	(0.005)	(0.002)	(0.007)	(0.005)

The change in the total loss primarily reflects the change in amount of exploration expenditures in the respective quarters.

### Liquidity and Capital Resources

#### Capital Resources

At September 30, 2021, the Corporation had a cash position of \$6,240,314 and restricted cash of \$487,235. The restricted cash represents the unexpended proceeds of flow-through financings which are not available for working capital purposes and must be used exclusively for Canadian Exploration Expenditures. Subsequent to September 30, 2021, the Corporation received proceeds of \$1,072,024 on the exercise of 4,496,113 warrants.

As the Corporation is in the exploration stage and does not generate revenue, the Corporation has financed its operations with equity financings and the proceeds on the exercise of stock options and warrants. The Corporation is dependent primarily upon its ability to complete equity financings to fund its working capital requirements and the acquisition, exploration and development of mineral properties.

#### Estimated Working Capital Requirements for 2021

	\$
Corporate and general costs	550,000
Brenbar option payment	25,000
Brenbar option exploration	100,000
	<hr/>
	675,000

Corporate and general costs for the years ended December 31, 2020 and 2019 were approximately \$575,000 and \$550,000, respectively. For the year ended December 31, 2021, the Corporation estimates its corporate and general costs at approximately \$550,000.

The corporate and general costs of \$550,000 and Brenbar option payment of \$25,000 will be funded by cash of \$1,547,348 on hand at December 31, 2020, the proceeds of the private placements of units (see page 1, *Private placement*) and the exercise of stock options and warrants (see page 2, *Exercise of stock options and warrants*). For the 9 months ended September 30, 2021, the Corporation incurred corporate and general costs of \$490,000.

Exploration expenditures for Ishkoday and the required exploration expenditures of \$100,000 for Brenbar will be funded by the restricted cash of \$1,138,693 on hand at December 31, 2020 and the proceeds of the private placements of flow-through units of \$1,716,357 (see page 1, *Private placements*).

Management is of the opinion that sufficient working capital will be obtained from equity financings and the exercise of stock options and warrants to meet the Corporation's liabilities and commitments as they become due. Based on closing price of \$0.71 per common share on November 24, 2021, exercisable in-the-money stock options and warrants (see page 11), if exercised, would provide proceeds of \$2,102,969.

### Transactions with Related Parties

	9 months ended September 30, 2021			Total \$
	Fees \$	Director bonus \$	Stock-based compensation \$	
<b>Key Management Personnel</b>				
AquinTerra Inc. ("AquinTerra"), a corporation controlled by Cynthia Le Sueur-Aquin, for exploration services and her services as Chief Executive Officer	198,475	–	11,406	209,881
John Covello for his services as a director	–	50,482	72,030	122,511
Michael Burmi for his services as a director	–	–	26,736	26,736
Nick Ierfino for his services as a director	–	50,482	52,233	102,714
Marlborough Management Limited, a corporation controlled by Miles Nagamatsu, for his services as Chief Financial Officer	47,700	–	20,897	68,597

During the 9 months ended September 30, 2021, the Corporation paid rent of \$2,700 (2020 - \$2,700) to AquinTerra.

For stock options granted to directors, see page 2, *Grant of stock options*.

### Financial Instruments and Other Instruments

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Cash, restricted cash, accounts payable and accrued liabilities*

The fair values of cash, restricted cash and accounts payable and accrued liabilities approximated their respective carrying value due to their short term to maturity.

### Financial Risk Management

The Corporation's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Corporation's risk management framework. Management has implemented and monitors compliance with risk management policies. The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities.

#### **Credit Risk**

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Corporation's cash and restricted cash. The Corporation's limits its exposure to credit risk on its cash by holding deposits with a Canadian chartered bank.

#### **Liquidity Risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. Accounts payable and accrued liabilities are subject to normal trade terms and the loan payable is due on demand.

## Capital Management

Capital of the Corporation consists of share capital, warrants reserve, contributed surplus and deficit. The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Corporation manages its capital structure and makes adjustments based on the funds available to the Corporation in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain the future development of the Corporation. In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

As the Corporation is an exploration stage corporation and has no revenues, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Corporation intends to raise additional funds as required.

The Corporation is not subject to any other externally imposed capital requirements and there were no changes to the Corporation's approach to capital management during the year.

## Material assumptions and risk factors for forward-looking statements

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Page	Forward-looking statement	Assumption	Risk factor
9	Liquidity and Capital Resources "Management is of the opinion that sufficient working capital will be obtained from equity financings and the proceeds on the exercise of stock options and warrants to meet the Corporation's liabilities and commitments as they become due."	Equity financings and the proceeds on the exercise of stock options and warrants will be obtained.	The Corporation is unable to obtain future financing to meet its liabilities and commitments as they become due.
9	Based on closing price of \$0.71 per common share on November 24, 2021, exercisable in-the-money stock options and warrants (see page 11), if exercised, would provide proceeds of \$2,102,969.	Exercisable stock options and warrants remain in-the-money and stock option and warrant holders exercise exercisable stock options and warrant holders.	The common share price declines and exercisable stock options and warrants fall out-of-the-money.  Stock option and warrant holders do not exercise exercisable stock options and warrant holders.

## Other Information

### Additional disclosure for venture companies without significant revenue

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Corporation.

### General and Administrative Expenses

	9 months ended September 30,	
	2021	2020
	\$	\$
Office	24,766	11,994
Insurance	17,367	12,333
	<u>42,133</u>	<u>24,327</u>

**Exploration and evaluation expensed**

	<b>9 months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Ishkoday	2,387,416	1,689,346
Stockpile	160,544	–
	<b>2,547,960</b>	<b>1,689,346</b>

**Shares outstanding as at November 25, 2021***Authorized:*

Unlimited number of common shares.

An unlimited number of special shares, voting, redeemable, convertible, participating  
500,000 Class A shares, voting, non-redeemable, convertible, non-participating

*Outstanding:*

242,565,353 common shares.

**Stock Options***Authorized:*

Pursuant to a stock option plan approved on October 4, 2010, the Corporation may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. The maximum term of each option is 10 years and the exercise price shall not be less than the closing price of the common shares prevailing on the date of the grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange.

All outstanding options granted under the Original Option Plan will remain outstanding and be governed by the terms of the Original Option Plan. The Original Option Plan allowed the Corporation to issue options to directors, officers and service providers, enabling them to purchase common shares. The Corporation set aside 4,000,000 common shares for the exercise of options granted pursuant to the plan. Each option granted under the plan had a maximum term of five years. The exercise price was determined by the Board of Directors at the time the option is granted and was subject to regulatory approval.

*Outstanding:*

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of stock options exercisable</b>	<b>Number of stock options outstanding</b>
\$0.10	December 31, 2021	120,000	120,000
\$0.10	December 31, 2022	720,000	720,000
\$0.05	December 31, 2023	510,000	510,000
\$0.05	December 31, 2024	300,000	300,000
\$0.17	February 14, 2025	166,650	250,000
\$0.17	June 2, 2025	778,190	1,250,729
\$0.23	December 14, 2025	467,889	1,403,674
\$0.23	January 26, 2026	83,325	250,000
\$0.23	April 13, 2026	224,695	590,757
\$0.55	August 19, 2026	12,070	36,212
\$0.05	June 15, 2028	349,333	349,333
\$0.11	May 15, 2029	250,000	250,000
\$0.11	June 24, 2029	250,000	250,000
\$0.11	July 16, 2029	500,000	500,000
\$0.15	September 9, 2029	241,664	241,664
		<b>4,973,816</b>	<b>7,022,369</b>

**Warrants***Outstanding:*

<b>Exercise Price</b>	<b>Expiry date</b>	<b>Number of warrants</b>
\$0.26	December 3, 2021	364,000
\$0.25	December 6, 2021	157,894
\$0.25	December 18, 2021	488,250
\$0.25	March 12, 2022	4,037,649
\$0.24	March 12, 2022	568,181
\$0.72	June 4, 2022	603,526
\$0.26	December 30, 2022	258,000
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		6,477,500