

ZTR ACQUISITION CORP.
(formerly Oyster Oil and Gas Ltd.)
MANAGEMENT DISCUSSION & ANALYSIS
For the nine months ended September 30, 2020

This Management Discussion and Analysis (“MD&A”) of ZTR Acquisition Corp. (formerly Oyster Oil and Gas Ltd.) (“ZTR” or the “Company”) has been prepared by management as of November 30, 2020 and should be read together with the unaudited interim condensed financial statements and related notes for the nine months ended September 30, 2020, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company can be found on SEDAR at www.sedar.com.

All amounts in the MD&A, financial statements and related notes are expressed in Canadian dollars unless otherwise noted.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as “plans”, “expects”, or “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

Overall Performance

The Company was formerly an international exploration company engaged in the acquisition, exploration and development of oil and gas interests in Africa. The Company’s shares are traded on the TSX Venture Exchange (the “Exchange”) under the symbol “ZTR”.

On February 8, 2019, Michael Wood resigned as Chief Executive Officer and Director and was replaced by Martin Bajic.

On February 21, 2019, the Company entered into a debt settlement agreement with its convertible debenture holders to settle the outstanding convertible debentures and accrued interest with 100% of the issued and outstanding common shares of Oyster Oil & Gas Limited (“Oyster BVI”). Oyster BVI has the 100% working interest of exploration and evaluation stage oil and gas assets in both Djibouti and Madagascar. Pursuant to the agreement, ownership of the assets was transferred to the convertible debenture holders along with the common shares of Oyster BVI. The convertible debenture holders also assumed certain of the accrued liabilities at Oyster BVI. The agreement was approved by shareholders and the Exchange and closed on June 19, 2019.

On June 12, 2020, the Company completed a 1 new for 5 old consolidation of its common shares.

On June 12, 2020, the Company completed a private placement whereby it issued 20,000,000 common shares at \$0.05 for proceeds of \$1,000,000. The shares issued were post-consolidation shares.

Results and Discussion of Operations for the three months ended September 30, 2020

The net loss from continuing operations, before other items, for the three months ended September 30, 2020 and 2019 are summarized as follow:

	Three Months September 30, 2020	Three Months September 30, 2019
Corporate office	\$ -	\$ -
Transfer agent and filing fees	\$ 9,306	\$ 1,250
Professional fees	\$ 11,254	\$ 1,500
Insurance	\$ -	\$ 9,550
Consulting	\$ 20,000	\$ 41,000
General and administrative	\$ 267	\$ 5,587
Interest and accretion	\$ 226	\$ 3,285
Foreign exchange	\$ 2,699	\$ (497)
Gain on disposition of exploration assets	\$ -	\$ -

Transfer agent and filing fees increased by \$8,056 as a result of the financing in the 2nd quarter of 2020 and ongoing increased transfer agent fees.

Professional fees increased \$9,754 as the Company incurred fees in relation to its year-end audit and legal fees in relation to evaluating potential acquisitions.

Insurance expenses decreased by \$9,550 as the Company did not have an insurance policy during the three months ended September 30, 2020.

Consulting fees decreased by \$21,000 as the Company incurred a one time charge in consulting fees related to the sale of its subsidiary.

General and administrative expenses decreased by \$5,320 from \$5,587 in 2019 to \$267 in 2020 as the Company reduced operations significantly while it reviewed potential transactions.

Interest and accretion decreased by \$3,059 as the convertible debentures were retired in exchange for the Company's oil and gas assets during the second quarter of 2019. The current period's interest includes only the notes payable.

Results and Discussion of Operations for the nine months ended September 30, 2020

The net loss from continuing operations, before other items, for the nine months ended September 30, 2020 and 2019 are summarized as follow:

	Nine Months September 30, 2020	Nine Months September 30, 2019
Corporate office	\$ -	\$ 195,363
Transfer agent and filing fees	\$ 24,802	\$ 13,813
Professional fees	\$ 29,979	\$ 45,910
Insurance	\$ 7,851	\$ 13,330
Consulting	\$ 57,500	\$ 83,000
General and administrative	\$ 1,497	\$ 9,868
Write off of equipment	\$ -	\$ 10,196
Interest and accretion	\$ 7,939	\$ 62,069
Foreign exchange	\$ 1,980	\$ 10,684
Gain on disposition of exploration assets	\$ -	\$ (279,450)

Corporate office expenses decreased by \$195,363 and insurance expense decreased by \$5,479 as the comparative period included operations in relation to the Company's oil and gas operations and as the Company does not have such operations in the current period, there are no such expenditures.

Transfer agent and filing fees increased by \$10,989 as a result of the financing in the 2nd quarter of 2020.

General and administrative expenses decreased by \$8,371 from \$9,868 in 2019 to \$1,497 in 2020 as the Company reduced operations significantly while it reviewed potential transactions.

Professional fees decreased \$15,931 as the Company incurred fees in the comparative period in relation to the sale of the subsidiary which were not repeated in the current period.

Interest and accretion decreased by \$54,130 as the convertible debentures were retired in exchange for the Company's oil and gas assets during the second quarter of 2019. The current period's interest includes only the notes payable, which were repaid during the period.

The Comparative period includes a one time charge for the gain on disposition of exploration assets.

Summary of Quarterly Results

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(43,752)	(62,216)	(25,580)	(38,394)	(61,675)	104,020	(207,128)	(9,853,494)
Income (Loss) per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	0.01	(0.00)	(0.23)

Liquidity and Capital

The Company reported a working capital of \$151,822 at September 30, 2020 compared to working capital deficiency of \$715,688 at December 31, 2019. As at September 30, 2020, the Company had cash of \$363,810 compared to cash of \$581 as at December 31, 2019.

Current assets excluding cash at September 30, 2020 consisted of receivables of \$5,316 (2019: \$10,048).

Current liabilities as at September 30, 2020 consisted of accounts payable and accrued liabilities of \$204,529 (December 31, 2019: \$556,470) which represents a decrease of \$351,941 from December 31, 2019 and notes payable of \$12,775 (December 31, 2019: \$169,847).

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Transactions

Key management compensation

Compensation of key management for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Management fees: Included in corporate office and general and administrative expense	\$ -	\$ -	\$ -	\$ 21,417
Consulting fees	\$ 5,000	\$ -	\$ 12,500	\$ -

Related party balances

Included in accounts payables is \$13,125 (December 31, 2019 - \$8,285) owing to members of the Company's key management and directors. These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

Proposed Transactions

On August 19, 2019 the Company announced that it has entered into a letter of intent (the "LOI") dated effective August 17, 2020 outlining the general terms and conditions with respect to the acquisition (the "Acquisition") by the Company of all the issued and outstanding share capital of Federal Gold Corp. ("Federal Gold"). The Company and Federal Gold are at arms-length, and the Acquisition will constitute a reverse takeover of the Company in accordance with the policies of the TSX Venture Exchange (the "Exchange"). Assuming completion of the Acquisition, it is anticipated that the Company will be listed on the Exchange as a Tier 2 Mining Issuer. As of the date of this Management Discussion and Analysis, the transaction has not yet closed.

Federal Gold is a privately held company existing under the laws of the Province of British Columbia. Federal Gold currently has 35,187,000 common shares ("Federal Gold Shares") issued and outstanding. Under the terms of the Acquisition, shareholders of Federal Gold will be issued common shares of the Company (the "Consideration Shares") in exchange for their Federal Gold Shares on a one-for-one basis. This will result in the issuance of 35,187,000 Consideration Shares based on the current capital structure of Federal Gold. Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the Exchange, in addition to pooling restrictions that may be negotiated by the parties.

As a condition to completing the Acquisition, the parties intend to complete a non-brokered private placement financing (the “Concurrent Financing”) to raise up to \$7,500,000 through the issuance of up to 18,750,000 subscription receipts of Federal Gold at a price of \$0.40 per subscription receipt. The proceeds of the Financing will be held in escrow, pending the Company receiving all applicable regulatory approvals and completing the Acquisition. Upon satisfaction of the escrow conditions, immediately prior to completion of the Acquisition, each subscription receipt will automatically convert into one common share of Federal Gold for no additional consideration and will be exchanged for Consideration Shares on a one-for-one basis. If the Acquisition is not completed on or before December 31, 2020, the Concurrent Financing proceeds will be returned to the subscribers. Finder’s fees may be payable to arm’s length parties who introduce subscribers to the Concurrent Financing, in accordance with the policies of the Exchange.

Critical Accounting Estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgement on matters which are inherently uncertain. Details of the Company's significant accounting estimates and assumptions can be found in Note 2 of the audited financial statements for the year ended December 31, 2019.

Changes in Accounting Policies including Initial Adoption

There were no significant changes in accounting policies during the year. Details of the Company's significant accounting policies can be found in Note 2 of the audited financial statements for the year ended December 31, 2019.

Financial Statements Prepared on a Going Concern Basis

ZTR’s financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. ZTR’s operations to date have been primarily financed by equity and debt financing. ZTR’s future operations are dependent upon the identification and successful completion of additional equity or debt financing or the achievement of profitable operations. There can be no assurances that ZTR will be successful in completing additional financing or achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should ZTR be unable to continue as a going concern.

Capital Requirements

To finance its future acquisition and operating costs, ZTR may require financing from external sources, including from the issuance of new shares or debt. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to ZTR. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of ZTR may be diluted. Availability of capital will also directly impact the Company’s ability to take advantage of acquisition opportunities.

Financial Instruments and Risk Management

The carrying amounts of cash and equivalents, receivables, accounts payable and accrued liabilities and deposits received approximate fair value because of the short-term maturity of these items. The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, and liquidity risk.

Risk Factors

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below.

Interest rate risk

The Company does not have any current material exposure to fluctuations in interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has sufficient cash to meet its current liabilities at September 30, 2020. The Company assessed liquidity risk as low.

Foreign exchange risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company assessed interest rate risk as low.

Availability of Financing

The Company will be competing with other companies in the capital market for available financing. There is no assurance that the Company will be able to obtain sufficient financing, if at all.

Other Requirements

Summary of Outstanding Securities as at November 30, 2020.

Authorized: Unlimited number of common shares without nominal or par value.

Issued and outstanding: 28,574,330

Stock options: 85,000 at a weighted average exercise price of \$1.10 per Share.

Warrants: None.