

CONFEDERATION MINERALS LTD.
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Form 51-102F1

**INTERIM MANAGEMENT DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS SEPTEMBER 30, 2019**

DATE: November 25, 2019

This interim Management Discussion and Analysis – Quarterly Highlights (“Interim MD&A”) has been prepared as of the date mentioned above. This interim MD&A updates disclosure previously provided in our Annual MD&A, up to the date of this Interim MD&A, and should be read in conjunction with our unaudited interim condensed consolidated financial statements for the three months ended September 30, 2019 and 2018 (our “Interim Condensed Consolidated Financial Statements”), our audited Consolidated Financial Statements for the years ended June 30, 2019 and 2018 (our “Audited Financial Statements”) and our Annual MD&A for the year ended June 30, 2019 (our “Annual MD&A”).

Our Interim Condensed Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and all amounts are expressed in Canadian dollars unless otherwise noted. Our accounting policies are described in note 2 of our Audited Financial Statements. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Caution on Forward-Looking Information

This MD&A may include forward-looking statements and forward-looking information, such as estimates and statements that describe the Company’s future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements and forward-looking information addresses future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

FINANCIAL POSITION AND LIQUIDTY

For the Quarter Periods Ending on:	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(121,104)	(181,071)	(84,207)	(125,085)
Net Comprehensive Income (loss)	(121,104)	(181,071)	(84,207)	(125,085)
Basic Loss per Share	(0.01)	(0.01)	(0.01)	(0.01)

For the Quarter Periods Ending on:	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(112,433)	(158,424)	(530,463)	(106,132)
Net Comprehensive Income (loss)	(112,433)	(158,424)	(530,463)	(106,132)
Basic Loss per Share	(0.01)	(0.02)	(0.08)	(0.05)

Current Quarter

The Company recorded a net loss from operations of \$121,104 (September 30, 2018: \$112,433) during the quarter ended September 30, 2019. The net loss for the quarter ended September 30, 2019 relates to the general and administrative expense.

LIQUIDITY

At September 30, 2019, the Company had a cash balance of \$392,485 (June 30, 2019: \$435,294). The decrease in total cash is not significant and was mainly due to the Company carrying out normal operations. The Company has a working capital deficit of \$350,292 as at September 30, 2019 compared to a deficit of \$229,188 as at June 30, 2019.

Net cash used in operating activities for the period ended September 30, 2019 was \$42,886 compared to \$10,420 for the period ended September 30, 2018. Increase was due to increase in consulting and management fees and professional fees during the period.

Net cash derived from investing activities for the period ended September 30, 2019 was \$77 compared to \$85 for the period ended September 30, 2018. The cash was generated from interest income earned.

Net cash derived from financing activities for the period ended September 30, 2019 was \$Nil compared to \$Nil for the period ended September 30, 2018. There were no financing activities reported.

The Company has no history of profitable operations and its exploration and evaluation projects are at an early stage. Therefore, the Company is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

OPERATIONS

In fiscal 2016, the Company impaired exploration and evaluation assets for \$12,396,089 given that the fair market value of the project is valued at a nominal cost and the fact that the Company has not invested any significant expenditures on the property.

EXPLORATION

Newman Todd Project

On November 19, 2010, the Company entered into an option agreement with Redstar Gold Corp ("Redstar") entitling the Company to earn up to 70% of Redstar's Newman Todd gold project (the "Property") in the Red Lake Mining District of Northern Ontario. In November 2013, the Company completed the option to earn a 50% interest in the Property by incurring over a three-year period a cumulative of \$5,000,000 of work expenditures on the Property, issuing to Redstar a total of 50,000 shares of the Company and making payments to Redstar totaling \$250,000.

As at June 30, 2016, the Company completed a preliminary economic assessment of the Property and issued 50,000 shares to Redstar in furtherance of the exercise of its option to earn an additional 20% interest in the Newman Todd Project as previously announced. The Property is subject to a 2% net smelter return and a 15% net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest.

The Company also owns an effective 35% interest in certain other claims adjacent to the Property. At the end of 2013, the Company staked approximately 64 hectares (158 acres) of suitable ground outside of the "Area of Interest" for the purposes of land mining and infrastructure.

As at June 30, 2016 the Company had incurred \$12,396,090 in exploration and evaluation expenditures on the property. The Company decided to impair the mineral property value to \$1 given that the Company has not

significantly advanced the Newman Todd Project. The Company continues to legally hold 70% interest in the property.

As at June 30, 2017, the Company voluntarily adopted a new accounting policy with respect to exploration and evaluation expenditures. Going forward, the Company will expense exploration and evaluation expenditures as incurred.

During the period ended September 30, 2019, the Company has expensed exploration and evaluation expenditures of \$2,768 (2018 - \$9,733).

Red Lake Gold Mining District, Ontario

On June 28, 2019, the Company acquired a private company whereby Confederation acquired certain exploration properties in the Red Lake Gold Mining District, Ontario (note 6). The Company controls two contiguous properties located in the Red Mining Lake District of Ontario.

The first property is held under an option agreement whereby the Company can acquire 100%, subject to a 1.5% NSR Royalty, by making cash payments based on the following schedule totaling \$100,000. The Company can purchase 1/2 of the NSR for \$400,000.

Amount (CAD)	Due Date
\$13,000	Within 7 days after the effective date (November 21, 2018) (paid)
\$12,000	On or before October 31, 2019 (paid)
\$15,000	On or before October 31, 2020
\$25,000	On or before October 31, 2021
\$35,000	On or before October 31, 2022

The second property is 100% held by the private company, and not subject to any cash payments or royalties.

These two properties are collectively called the "Leo Property".

The schedule below outlines the costs incurred in the Leo Property as at September 30, 2019:

	As at June 30, 2018	Additions/ (Writedowns)	As at June 30 2019	Additions/ (Writedowns)	As at September 30 2019
	\$	\$	\$	\$	\$
Acquisition					
Acquisition costs	-	1,115,698	1,115,698	-	1,115,698
	-	1,115,698	1,115,698	-	1,115,698

All of the Company's presently held exploration and evaluation assets are situated in the Red Lake mining district of the province of Ontario, Canada. However, the Company may seek to acquire interests in other provinces or countries.

The Company finances its properties by way of equity or debt financing. Additional information is provided in the Company's financial statements. These documents are available on www.sedar.com.

ADDITIONAL DISCLOSURE

Other Corporate Information

The board of directors consists of David Velisek, Denise Lok, Rob Kang, and James Lenec. David Velisek is the interim Chief Executive Officer, James Lenec is the President, and Queenie Kuang is the Chief Financial Officer & Corporate Secretary.

The Company is a reporting issuer in the provinces of British Columbia and Alberta.

The Company's head office is located at Suite 2250, 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

The Company's common shares were approved for listing on the TSX Venture Exchange and trading commenced on July 15, 2008 under the symbol CFM.

Related Party Transactions

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence were as follows:

Services provided by:	Notes	Three Months Ended September 30,	
		2019	2018
		\$	\$
Baron Global Financial Canada Ltd.	(a)	30,000	30,000
David Velisek	(b)	3,000	-
James Lenec	(c)	16,000	-

- Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.
- David Velisek, the Director of the Company provided business development consulting services.
- James Lenec, the Director and President of the Company provided consulting services.

The following table outlines the Company's related party payables:

	September 30, 2019	June 30, 2019
	\$	\$
Baron Global Financial Canada Ltd.	173,000	141,500
David Velisek	6,300	3,150
Denise Lok	1,215	-
	180,515	144,650

Outstanding Share Data

The authorized capital consists of unlimited common shares without par value. At the date of this report, the following common shares and stock options were issued and outstanding:

	Number of Shares	Exercise Price \$	Expiry Date
Common Shares	18,126,972	-	-
Options	1,050,000	0.40	March 29, 2023
Warrants	2,331,621	0.55	March 28, 2020
Fully diluted	21,508,593		

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and mineral property costs is provided in the Condensed Interim Financial Statements and related notes that are available on the SEDAR website www.sedar.com.