

**KANADARIO GOLD INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED OCTOBER 31, 2020**

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**FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS**

This report on results for the year ended October 31, 2020 contains forward-looking information, including forward-looking information about Kanadario Gold Inc.'s (the "Company") operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", "believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

**GENERAL**

This Management Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for the year ended October 31, 2020, should be read in conjunction with the audited financial statements as at and for the year ended October 31, 2020. This MD&A is effective December 15, 2020. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has prepared its audited financial statements for the year ended October 31, 2020 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

**DESCRIPTION OF BUSINESS**

The Company is an exploration stage company incorporated on November 23, 2017, under the laws of the provin/ce of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the province of Québec, Canada. The Company's head office and principal business address is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

On October 22, 2019, the Company completed its initial public offering ("IPO"). The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "KANA".

**BUSINESS OF THE COMPANY**

On December 17, 2018, the Company issued 600,000 common shares at a price of \$0.05 per share for gross proceeds of \$30,000.

On January 30, 2019, the Company closed a private placement for gross proceeds of \$300,000. The Company issued 3,000,000 units at a price of \$0.10 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.15 for a period of one year from the date of issuance. No value was attributed to the warrants.

On October 22, 2019, the Company completed its IPO of 5,000,000 common shares of the Company at \$0.15 per share for gross proceeds of \$750,000. The Company paid finders' fees of \$42,850 and issued 170,000 finders' warrants with a value of \$16,422. Each warrant entitles the holder to acquire one common share at a price of \$0.15 for a period of two years from the date of issuance. The Company incurred other share issue costs of \$78,793.

In early March 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company's project exploration activities, cash flows and liquidity.

The Company's corporate offices were closed in March 2020 as a precaution. Safety protocols have been implemented, and the corporate offices have only re-opened in a limited capacity as of the date of this MD&A. The Company has delayed its

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spring 2020 plans to conduct a surface exploration program on the Cameron Lake Project due to COVID-19. The Québec Ministry of Energy and Natural Resources has waived the assessment requirements on mining tenure in the province, allowing the Company to postpone the planned program up to one year. The Company continues to monitor the situation. To date, the Company has not applied for any assistance related to COVID-19 from the provincial or federal governments.

On September 17, 2020, the Company closed a private placement for gross proceeds of \$1,100,000. The Company issued 11,000,000 common shares at a price of \$0.10 per share. The Company incurred share issue costs of \$47,554.

On November 25, 2020, the Company completed a change of management and the Board of Directors, along with closing of a brokered private placement for gross proceeds of \$36,930,000. The Company issued 73,860,000 units at a price of \$0.50. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.80 for a period of 18 months from the date of issuance. If the volume weighted average closing price of the common shares of the Company is equal to or greater than \$1.60 for a period of 10 consecutive trading days, the Company may at its option elect to accelerate the expiry of the warrants. The Company paid finders' fees of \$2,059,905 and other share issue costs of \$281,170.

Subject to minority shareholder approval at its annual and special general meeting scheduled for December 15, 2020, the Company intends to issue a further 11,340,000 units at a price of \$0.50 for gross proceeds of \$5,670,000 in a non-brokered private placement with a company controlled by the family of a director and an officer. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.80 for a period of 18 months from the date of issuance. If the volume weighted average closing price of the common shares of the Company is equal to or greater than \$1.60 for a period of 10 consecutive trading days, the Company may at its option elect to accelerate the expiry of the warrants.

**EXPLORATION AND EVALUATION ASSETS**

*Cameron Lake Project*

On June 1, 2018, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in mineral claims located in the Cameron Lake area in the province of Québec. Under the terms of the agreement, the Company paid \$50,000 and issued 1,000,000 common shares of the Company (issued and valued at \$50,000).

The property is subject to a 2% net smelter return royalty, of which the Company may repurchase one-half (1%) for \$1,000,000.

During the year ended October 31, 2020, the Company completed a high-resolution helicopter magnetics survey on the Cameron Lake Project. The Company will use the results from the magnetics survey to further exploration work on the Cameron Lake Project.

*Destor Property*

On April 30, 2020, the Company entered into an option agreement to acquire a 100% interest in mineral claims located in north-western Québec. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Pay \$20,000 (paid) and issue 150,000 common shares of the Company within five days of approval by the TSX-V, which was received on May 21, 2020 (issued and valued at \$26,250);
- Pay \$20,000 and issue 50,000 common shares of the Company on or before May 21, 2021; and
- Pay \$21,000 and issue 50,000 common shares of the Company on or before May 21, 2022.

The property was subject to a 1.5% net smelter return royalty, of which the Company could repurchase one-half (0.75%) for \$500,000.

At October 31, 2020, the Company determined it would not continue exploration on the property. The Company recognized an impairment of \$49,583, and subsequent to October 31, 2020, the property obligations were assigned to a third-party.

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*Sunday Fault Property*

On April 30, 2020, the Company entered into an option agreement to acquire a 100% interest in mineral claims located in north-western Québec. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Pay \$20,000 (paid) and issue 150,000 common shares of the Company within five days of approval by the TSX-V, which was received on May 21, 2020 (issued and valued at \$26,250);
- Pay \$20,000 and issue 50,000 common shares of the Company on or before May 21, 2021; and
- Pay \$21,000 and issue 50,000 common shares of the Company on or before May 21, 2022.

The property was subject to a 1.5% net smelter return royalty, of which the Company could repurchase one-half (0.75%) for \$500,000.

At October 31, 2020, the Company determined it would not continue exploration on the property. The Company recognized an impairment of \$49,583, and subsequent to October 31, 2020, the property obligations were assigned to a third-party.

*Larder North Property*

On May 6, 2020, the Company entered into an option agreement to acquire a 100% interest in mineral claims located in Ontario. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Pay \$32,000 (paid) and issue 200,000 common shares of the Company within five days of approval by the TSX-V, which was received on May 21, 2020 (issued and valued at \$35,000);
- Pay \$30,000 and issue 50,000 common shares of the Company on or before May 21, 2021; and
- Pay \$40,000 and issue 100,000 common shares of the Company on or before May 21, 2022.

The property was subject to a 1.5% net smelter return royalty, of which the Company could repurchase one-half (0.75%) for \$500,000.

At October 31, 2020, the Company determined it would not continue exploration on the property. The Company recognized an impairment of \$70,334, and subsequent to October 31, 2020, the property was surrendered to the vendor.

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A summary of exploration and evaluation expenditures for the years ended October 31, 2020 and 2019 is as follows:

	<b>Cameron Lake Project</b>	<b>Destor Property</b>	<b>Sunday Fault Property</b>	<b>Larder North Property</b>	<b>Total</b>
<b>Balance, October 31, 2018</b>	\$ 133,695	\$ -	\$ -	\$ -	\$ 133,695
<b>Acquisition Costs</b>					
Acquisition	50,000	-	-	-	50,000
Claim costs	8,660	-	-	-	8,660
<b>Total Acquisition Costs</b>	<b>58,660</b>	-	-	-	<b>58,660</b>
<b>Property Exploration Costs</b>					
Geological	9,971	-	-	-	9,971
Geophysics	34,092	-	-	-	34,092
<b>Total Property Exploration Costs</b>	<b>44,063</b>	-	-	-	<b>44,063</b>
<b>Balance, October 31, 2019</b>	<b>236,418</b>	-	-	-	<b>236,418</b>
<b>Acquisition Costs</b>					
Acquisition	-	46,250	46,250	67,000	159,500
Claim costs	5,256	-	-	-	5,256
Impairment	-	(46,250)	(46,250)	(67,000)	(159,500)
<b>Total Acquisition Costs</b>	<b>5,256</b>	-	-	-	<b>5,256</b>
<b>Property Exploration Costs</b>					
Geological	-	3,333	3,333	3,334	10,000
Geophysics	95,881	-	-	-	95,881
Mining tax credits	(17,074)	-	-	-	(17,074)
Impairment	-	(3,333)	(3,333)	(3,334)	(10,000)
<b>Total Property Exploration Costs</b>	<b>78,807</b>	-	-	-	<b>78,807</b>
<b>Balance, October 31, 2020</b>	\$ 320,481	\$ -	\$ -	\$ -	\$ 320,481

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**SELECTED ANNUAL INFORMATION**

	<b>October 31, 2020</b>	<b>October 31, 2019</b>	<b>October 31, 2018</b>
	\$	\$	\$
Revenue	-	-	-
Net loss	(661,042)	(178,510)	(82,178)
Basic and diluted loss per common share	(0.05)	(0.03)	(0.03)
Total assets	1,541,070	1,019,219	199,949
Long-term debt	-	-	24,000
Dividends	-	-	-

**SELECTED QUARTERLY INFORMATION**

Results for the eight most recently completed quarters are summarized below.

<b>For the Quarter Periods Ending</b>	<b>October 31, 2020</b>	<b>July 31, 2020</b>	<b>April 30, 2020</b>	<b>January 31, 2020</b>
	\$	\$	\$	\$
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Total revenue	-	-	-	-
Loss for the period	(502,596)	(48,278)	(39,460)	(70,708)
Basic and diluted loss per share	(0.03)	(0.00)	(0.00)	(0.01)
Total assets	1,541,070	918,288	856,566	914,417
Total non-current liabilities	-	-	-	-
Dividends	-	-	-	-

<b>For the Quarter Periods Ending</b>	<b>October 31, 2019</b>	<b>July 31, 2019</b>	<b>April 30, 2019</b>	<b>January 31, 2019</b>
	\$	\$	\$	\$
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Total revenue	-	-	-	-
Loss for the period	(55,927)	(105,092)	(15,641)	(1,850)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	1,019,219	423,315	467,344	484,695
Total non-current liabilities	-	24,000	24,000	24,000
Dividends	-	-	-	-

**OPERATIONS**

During the three months ended October 31, 2020, the Company reported a net loss of \$502,596 (2019 - \$55,927). Expenses for the three months ended October 31, 2020 compared to the same period in 2019 were as follows:

- Consulting fees increased from \$37,500 to \$189,500 due to fees charged by consultants, directors and the CEO in conjunction with increased activity in the fourth quarter of 2020 leading up to the subsequent change of management and Board of Directors and brokered private placement;
- Office and general increased from \$3,982 to \$7,279 due to the addition of shared office expenses in the current year;
- Professional fees increased from \$27,405 to \$118,937 as a result of an increase in legal fees and CFO fees leading up to the subsequent change of management and Board of Directors and brokered private placement;
- Rent increased from \$nil to \$6,000 as a result of office space being rented where it was not being rented in the comparative period;
- Transfer agent and filing fees of \$10,943 were comparable to prior year fees of \$11,727;
- Impairment of exploration and evaluation assets increased from \$nil to \$169,500 as a result of the Company determining it would no longer explore the Destor, Sunday Fault and Larder North properties at October 31, 2020; and

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- Deferred income tax recovery decreased from \$24,000 to \$nil as a result of the Company renouncing its exploration expenditures to flow-through shareholders and reducing its exploration expenditures for Canadian tax purposes in the comparative period.

During the year ended October 31, 2020, the Company reported a net loss of \$661,042 (2019 - \$178,510). Expenses for the year ended October 31, 2020 compared to the same period in 2019 were as follows:

- Consulting fees increased from \$41,557 to \$243,500 due primarily to fees charged by consultants, directors and the CEO in conjunction with increased activity in the fourth quarter of 2020 leading up to the subsequent change of management and Board of Directors and brokered private placement;
- Office and general increased from \$6,644 to \$22,637 due to the addition of shared office expenses in the current year;
- Professional fees increased from \$72,514 to \$147,873 as a result of an increase in legal fees and CFO fees leading up to the subsequent change of management and Board of Directors and brokered private placement;
- Rent increased from \$nil to \$24,000 as a result of office space being rented where it was not being rented in the comparative year;
- Share-based compensation decreased from \$48,583 to \$nil due to no options being granted in the current year;
- Transfer agent and filing fees increased from \$33,212 to \$51,731 due to an increase in corporate activity, as well as additional filing fees in 2020;
- Impairment of exploration and evaluation assets increased from \$nil to \$169,500 as a result of the Company determining it would no longer explore the Destor, Sunday Fault and Larder North properties at October 31, 2020; and
- Deferred income tax recovery decreased from \$24,000 to \$nil as a result of the Company renouncing its exploration expenditures to flow-through shareholders and reducing its exploration expenditures for Canadian tax purposes in the comparative year.

**LIQUIDITY AND CAPITAL RESOURCES**

At October 31, 2020, the Company's cash was \$1,156,187 (2019 - \$778,986) and the working capital was \$1,134,925 (2019 - \$712,334).

On September 17, 2020, the Company closed a private placement for gross proceeds of \$1,100,000. The Company issued 11,000,000 common shares at a price of \$0.10 per share.

Subsequent to October 31, 2020, the Company received \$252,725 on the exercise of 1,351,500 warrants and \$60,000 on the exercise of 400,000 stock options.

On November 25, 2020, the Company completed a change of management and the Board of Directors, along with closing of a brokered private placement for gross proceeds of \$36,930,000. The Company issued 73,860,000 units at a price of \$0.50. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.80 for a period of 18 months from the date of issuance. If the volume weighted average closing price of the common shares of the Company is equal to or greater than \$1.60 for a period of 10 consecutive trading days, the Company may at its option elect to accelerate the expiry of the warrants. The Company paid finders' fees of \$2,059,905 and other share issue costs of \$281,170.

Subject to minority shareholder approval at its annual and special general meeting scheduled for December 15, 2020, the Company intends to issue a further 11,340,000 units at a price of \$0.50 for gross proceeds of \$5,670,000 in a non-brokered private placement with a company controlled by the family of a director and an officer. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.80 for a period of 18 months from the date of issuance. If the volume weighted average closing price of the common shares of the Company is equal to or greater than \$1.60 for a period of 10 consecutive trading days, the Company may at its option elect to accelerate the expiry of the warrants.

The Company currently has no sources of revenue, and may need to raise additional financing in order to meet general working capital requirements and to continue exploration and development activities beyond 2021.

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The Company issued flow-through shares in December 2017. All flow-through share expenditures were completed before the end of calendar 2018. The Company has no remaining commitments to incur exploration expenditures in relation to the December 2017 flow-through share issuance.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	<b>Year Ended October 31, 2020</b>	<b>Year Ended October 31, 2019</b>
Short-term compensation (consulting fees and professional fees)	\$ 91,000	\$ -
Share-based compensation	-	48,583
	<b>\$ 91,000</b>	<b>\$ 48,583</b>

During the year ended October 31, 2020, short-term compensation to related parties consisted of:

- Consulting fees of \$14,000 (2019 - \$nil) to the former President and Chief Executive Officer of the Company;
- Consulting fees of \$15,000 (2019 - \$nil) to a former director of the Company;
- Consulting fees of \$25,000 (2019 - \$nil) to a former director of the Company; and
- Professional fees of \$37,000 (2019 - \$nil) to the Chief Financial Officer of the Company.

During the year ended October 31, 2020, rent of \$24,000 (2019 - \$nil) was paid to a company with a common former director and common officer.

There were no related party balances as at October 31, 2020 and 2019.

**EVENTS OCCURRING AFTER THE REPORTING DATE**

See **Business of the Company** and **Liquidity and Capital Resources**.

**RISKS AND UNCERTAINTIES**

The Company, and the securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This will result in further dilution to the Company's shareholders.

The Company has a limited history of operations, is in the early stage of development and has received no revenues other than insignificant interest revenues following its transition to a mineral exploration and development company. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company does not anticipate paying any dividends in the near future.

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, no assurance whatsoever can be given that the Company's interests may not be challenged by third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples.

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Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

The exploration of mineral properties involves significant risks, which even experience, knowledge and careful evaluation may not be able to avoid. The price of metals has fluctuated widely, particularly in recent years, as it is affected by numerous factors that are beyond the Company's control, including international economic and political trends, expectations of inflation or deflation, currency exchange fluctuations, interest rate fluctuations, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore the economic viability of the Company's interests in the mineral properties, cannot be accurately predicted. Furthermore, changing conditions in the financial markets, and Canadian income tax legislation may have a direct impact on the Company's ability to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

**CAPITAL DISCLOSURES**

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain credit-worthiness and to maximize returns for shareholders over the long term. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments at high credit quality financial institutions with terms to maturity selected with regard to the expected timing of expenditures from continuing operations. There have been no changes to the Company's approach to capital management during the year ended October 31, 2020. The Company is not subject to externally imposed capital requirements.

**FINANCIAL INSTRUMENTS AND RISKS**

As at October 31, 2020, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values.

**Fair value**

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data.

The following tables sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy:

<b>October 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 1,156,187	\$ -	\$ -	\$ 1,156,187

  

<b>October 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 778,986	\$ -	\$ -	\$ 778,986

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**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk in respect of cash by placing at major Canadian financial institutions. The Company has minimal credit risk. The maximum exposure to credit risk at October 31, 2020 is on cash of \$1,156,187 (2019 - \$778,986). Receivables of \$18,536 (2019 - \$3,815) are owing from the Canada Revenue Agency.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

- i) *Currency risk* – The Company has no funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at year-end.
- ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.
- iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

**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 approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of October 31, 2020 equal \$85,664 (2019 - \$70,467). All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

**Impairment of exploration and evaluation assets**

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

**Title to mineral property interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**Income taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately

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provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**Going concern risk assessment**

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation projects when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company has no sources of revenue and negative cash flows from operations. In November 2020, the Company closed a brokered private placement for gross proceeds of \$36,930,000. Based on its current plans, budgeted expenditures, and cash requirements, the Company has sufficient cash to finance its current plans for at least 12 months from the date the financial statements are issued.

The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and development activities on its currently anticipated scheduling.

**NEW ACCOUNTING STANDARD ADOPTED DURING THE PERIOD**

**IFRS 16 Leases**

*Initial adoption*

On November 1, 2019, the Company adopted IFRS 16, which 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 twelve 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, International Accounting Standard 17 *Leases*.

The Company has elected to apply IFRS 16 using a modified retrospective approach, which does not require restatement of prior period financial information. Modified retrospective application recognizes the cumulative effect of IFRS 16 as an adjustment to opening deficit at November 1, 2019 and applies the standard prospectively. The Company has determined that at November 1, 2019, adoption of IFRS 16 will not result in the recognition of a right-of-use ("ROU") asset nor a lease obligation.

*Ongoing recognition and measurement*

On the date that the leased asset becomes available for use, the Company recognizes a ROU asset and a corresponding lease obligation. Interest expense associated with the lease obligation is charged to the statement of income/loss over the lease period with a corresponding increase to the lease obligation. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of the ROU asset is recognized in depreciation expense.

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**SHARE CAPITAL**

The Company had the following securities issued and outstanding:

	<b>December 15, 2020</b>	<b>October 31, 2020</b>	<b>October 31, 2019</b>
Common shares	99,946,500	24,335,000	12,650,000
Warrants	39,563,500	3,985,000	4,170,000
Stock options	-	400,000	500,000
Fully diluted shares	139,510,000	28,720,000	17,320,000

The above table does not include the previously discussed 11,340,000 units which are subject to minority shareholder approval. See **Business of the Company** and **Liquidity and Capital Resources**.