

Cartier Iron Corporation

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 Cartier Iron Corporation (the "Company") for the 9 months ended September 30, 2021 and should be read in conjunction with the unaudited condensed interim 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 29, 2021.

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

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.cartieriron.com.

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 Company 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 11 for Material assumptions and risk factors for forward-looking statements.

The Company

The Company is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is a reporting issuer in Ontario, British Columbia and Alberta and its common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the trading symbol "CFE".

Overall Performance

Key management personnel

Michel Gagnon did not stand for re-election as a director and Don Sheldon was elected at the Annual and Special Meeting of shareholders on June 30, 2021. Mr. Sheldon is a corporate lawyer practising with Dickenson Wright LLP.

Private placement

On July 7, 2021, the Company completed a private placement of (i) 19,166,667 units at a price of \$0.09 per unit ("Units") for gross proceeds of \$1,725,000, and (ii) 28,750,000 flow-through units at a price of \$0.12 per unit ("FT Units") for gross proceeds of \$3,450,000. Each Unit consisted of one common share and one common share purchase warrant ("Unit Warrant") and each FT Unit consisted of one common share which qualifies as a "flow-through share" for the purposes of the *Income Tax Act* (Canada) and one common share purchase warrant ("FT Warrant"). Each Unit Warrant and FT Warrant entitles the holder to purchase one common share for \$0.14 until July 7, 2024.

Grant of stock options

On February 3, 2021, the Company granted 4,300,000 stock options to directors, officers, consultants and employees, entitling the holder to purchase one common share for \$0.17 until February 3, 2026.

Investment in Eoro Resources Ltd.

At December 31, 2020, the Company held 4.43% of the outstanding common shares of Eoro Resources Ltd. ("Eoro"). Although the Company held less than 20% of the voting rights of Eoro, the Company determined that it had significant influence in Eoro as three directors of the Company are also directors of Eoro and the Company accounted for its investment in Eoro as an investment in associate.

Pursuant to two bought deal financings in January 2021 and March 2021, Eoro issued 10,669,160 common shares, thereby further diluting the Company's percentage interest in Eoro. As a result, the Company reassessed the level of influence that it has over Eoro and determined that it no longer has significant influence over Eoro and effective January 1, 2021, the Company accounted for its investment in Eoro at fair value.

Subsequent to September 30, 2021, the Company purchased an additional 78,300 common shares of Eloro and as at November 26, 2021, the Company's holding of 2,200,000 Eloro common shares had a fair value of \$7,656,000.

Gagnon

The Company owns a 55% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie) consisting of 111 claims covering 58.75 square kilometres in the Fermont Iron Ore District in the Labrador Trough in northeastern Québec ("Gagnon"). Champion Iron Mines Ltd. ("Champion") owns the remaining 45% interest in Gagnon.

A joint venture was formed between the Company and Champion to incur additional 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 would be reduced solely to a 1% royalty. The other joint venture partner will have the option to reduce the royalty from 1% to 0.5% by making a payment of \$3,000,000.

In the event that a joint venture partner proposes to acquire any property within 10 kilometres of Gagnon, the acquirer must offer the property at cost to the other party for inclusion in Gagnon.

The Company has incurred the following cumulative exploration and evaluation expenditures on Gagnon:

	December 31, 2020	Expenditures	September 30, 2021
	\$	\$	\$
Gagnon	3,896,732	7,241	3,903,973

Gagnon - Exploration

Gagnon is adjacent and in close proximity to Arcelormittal's Mont Reed property which encompasses the Mont Reed Mine deposit.

On December 19, 2013, the Company reported the completion of a National Instrument 43-101 compliant Mineral Resource Estimate ("MRE") for the Penguin Lake Project, authored by Abder Ladidi, P. Geo., an independent Qualified Person of MRB & Associates ("MRB") of Val d'Or, Quebec. Based on 10 drill holes totaling 3,315 m, the MRE reported 531 million tonnes ("Mt") grading 33.1% Total Iron ("FeT") of In-pit Inferred Resources at a 15% FeT cut-off grade. The global in-situ mineral resource of 534.8 Mt grading 33.1% FeT was subject to a Whittle pit optimization to estimate the portion of in-situ Mineral Resource within the pit shell. P&E Mining Consultants of Brampton, ON were contracted by MRB to run the pit shell using a 1.05:1.00 \$CDN:\$US exchange rate, a mining cost of \$2.50/Tonne, and a charge of \$18.10/Tonne for the total processing, G&A, and freight costs. The process recovery, estimated to be 82%, an iron ore price of \$1.77/dmtu, and a 48° overall pit-slope, were used to complete the Whittle pit optimization. The sensitivity of the resource estimates is demonstrated by comparing the proportion of the mineral resources that may be economically exploited within the optimized pit shell to the global in-situ resource. A summary of the Global In-Situ Mineral Resource Estimate is presented in Table 1 and the results of the In-Pit Mineral Resource are presented in Table 2.

Table 1: Global In-situ Mineral Resource Estimate, Penguin Lake Project

Cut-off Grade	Global Inferred Resources*				Below Cut-off			
	Tonnes (millions)	Grade			Tonnes (millions)	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
15%	534.8	33.1	3.1	2.8	0.0	0.0	0.0	0.0
20%	534.7	33.1	3.1	2.8	0.1	15.4	2.1	1.7
25%	531.4	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	466.4	33.9	2.9	2.8	68.4	28.2	4.1	2.7

Table 2: In-Pit Mineral Resource Estimate, Penguin Lake Project

Cut-off Grade	In-Pit Inferred Resources*				Below Cut-off			
	Tonnes (millions)	Grade			Tonnes (millions)	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
15%	531.2	33.1	3.1	2.8	0.0	0.0	0.0	0.0
20%	531.1	33.1	3.1	2.8	0.0	15.4	2.1	1.7
25%	527.8	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	463.9	33.9	2.9	2.8	67.3	28.2	4.1	2.7

* The quantity and grade of the reported Mineral Resources within the Project are categorized as Inferred Mineral Resources. Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from drill core. There is no guarantee that further exploration will upgrade the Inferred Mineral Resources to Indicated or Measured Mineral Resources. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The 10 drill holes that define the MRE drilled only the southern portion of the deposit. The deposit occurs in the form of a multiply refolded tightly overturned synform that produces a bowl-like shape of shallow dipping iron formation host rock. No recent drilling has been completed in the northern portion of the deposit however, the strong correlation of magnetic response to where iron formation surfaces and a historic drill hole located in the NW portion of the deposit allow for projection of the modelled iron formation and an estimate of the exploration target potential¹. The interpreted 3D model of iron formation includes an additional 700 to 900 million tonnes of similar grade as suggested by the current Inferred Resource, predominantly in the undrilled portion of the deposit to the north and northwest where additional resources might be identified.

A comparison of the current global in-situ mineral resource and in-pit mineral resource demonstrates the amenable geometry of the deposit to open-pit mining with 99+% of the in-situ resource occurring within the optimized pit shell. Furthermore, it is apparent that a natural geological cut-off grade exists for the modelled high-grade iron oxide deposit that is above the economic cut-off grade. As can be seen by the quantity and grade of below cut-off grade material at the higher cut-off grades, the natural cut-off grade of the deposit is near 25% FeT where only 0.6% of the material is below cut-off at an average grade of 23.2% and well above the economic cut-off grade of 15% FeT.

The current resource reported in the MRE comprises less than half of the modelled bowl-shaped deposit and makes the Penguin Lake deposit the largest iron resource in the southern Gagnon Terrane.

Through 2016 and 2017, the Company completed metallurgical testwork studies and investigated base-case process flowsheet aspects for the Penguin Lake deposit. Metallurgical test results announced by the Company on April 28, 2015, indicate that the iron at the Penguin Lake deposit will be most efficiently liberated by a 2-stage process designed to yield iron-fines to produce a final sinter product.

The metallurgical tests were targeted towards producing a concentrate of 65% iron (Fe) and 4.5% silica (SiO₂) from an average sample-grade of 30% Fe. Stage-1 gravimetric separation tests by Wilfley Table on 18 samples returned average grades of 65.3% Fe, 4.5% SiO₂ and 1.1% MgO. Iron concentrate of similar grade (65% Fe / <4.5% SiO₂) will be sought from the second-stage regrinding and magnetic separation process. Additional tests to determine the process model for optimal second-stage iron recovery are on-going. Overall iron recoveries of >80% are targeted for the 2-stage circuit. The maximum 4.5% SiO₂ content for the Penguin Lake concentrate is a value imposed by the Company, guided by today's selective-market requirement for the highest-quality iron concentrate.

The Company will evaluate the exploration programs at the Gagnon Holdings while managing its capital resources to ensure it has sufficient capital to support its ongoing operations. Further exploration and development of the Company's properties are contingent upon the Company raising an adequate amount of financing.

¹ Exploration Target Potential is not a Mineral Resource. There is insufficient work completed to estimate the quantity and grade or quality of the exploration target on the basis of geological evidence and sampling. There is no guarantee that further exploration will define additional mineral resources from any portion of the exploration target potential.

Big Easy, Newfoundland and Labrador

Pursuant to a definitive agreement dated October 26, 2017, (“Definitive Agreement”), the Company acquired a 100% interest in Big Easy consisting of 507 mining claims covering 127 square kilometres located in Newfoundland and Labrador. On October 6, 2020, the Company staked an additional 256 claims to hold 763 mining claims covering 191 square kilometres.

To complete the acquisition, Definitive Agreement required the Company to issue common shares and incur exploration expenditures, as follows:

	Common shares		Exploration expenditures
	Number	Fair value	
		\$	\$
Upon signing of definitive agreement	500,000	12,500	–
November 21, 2018	500,000	56,000	500,000
May 15, 2020	500,000	15,000	–
September 6, 2021	500,000	65,000	500,000
September 6, 2022	500,000	65,000	500,000
September 6, 2023	–	–	500,000
	2,500,000	213,500	2,000,000

On August 18, 2021, the Company completed the acquisition of Big Easy by issuing 1,000,000 common shares with a fair value of \$130,000 and incurring exploration expenditures over \$2,000,000. In addition, the Company issued 50,000 common shares with a fair value of \$6,500 in respect of a finder’s fee.

With respect to the common shares issued to the vendor:

- a) the vendor will not grant a security interest in the common shares;
- b) the vendor has the right to sell tranches of less than 300,000 common shares;
- c) until November 21, 2021, the Company has a right of first refusal in the event that the vendor receives a third party offer to acquire any tranche of more than 300,000 common shares; and
- d) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote against any resolution put before the shareholders of the Company upon the recommendation of the Board of Directors
- e) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote in favour of:
 - (i) the election of board nominees that have not been proposed by the then Board of Directors, or
 - (ii) any shareholder resolution or proposal unless the Board of Directors recommends voting in favour of such shareholder resolution or proposal.

Big Easy is subject to a 3% net smelter royalty (“NSR”). The Company has an option to reduce the NSR by 0.25% by making a payment of \$250,000 by November 21, 2022.

Big Easy-Exploration

On May 1, 2018 the Company announced the successful completion of a 48-line kilometre Induced Polarization/Resistivity (IP/Res) survey at the Big Easy by MES Geophysics of St. John’s, Newfoundland under the direction of Dr. Chris Hale, P.Geo., Chief Geophysicist for the Company.

Big Easy is a remarkably preserved and extensive low sulphidation epithermal gold-silver system that occurs on a prominent boundary between volcanic and sedimentary rocks in the Neoproterozoic Avalon Zone.

The IP/Res data highlight an extensive mineralized epithermal system that includes both the Big Easy and ET mineralized zones where historical drilling intersected gold-bearing epithermal quartz veins. This chargeability anomaly can be traced over a strike length of more than four kilometres between the Big Easy and ET showings and is open to the north and south. These claims cover a potential strike length of 23.5km.

The Company’s exploration strategy is to complete targeted exploration by stepping out and defining the epithermal system to better understand the structural controls on the distribution of mineralization especially focusing on potential bonanza grade zones. The first step, the IP/Res survey, has confirmed that there is an extensive mineralized zone on the Big Easy property. Higher chargeability anomalies occur over both the Big Easy and ET showings. Midway and to the southwest there are two additional prominent anomalies that may reflect mineralization at depth.

Four diamond drill holes were completed in the fall of 2018 at Big Easy. Hole BE18-30 intersected a major new anomalous alteration zone grading 0.11 g Au/t and 2.65 g Ag/t over 180.4 m core length on the western edge of the Central chargeability anomaly. The results from the drill program confirmed that the Central chargeability anomaly reflects an extensive zone of epithermal alteration and mineralization that is up to 200 m wide with a depth extent of at least 250 m (see press releases December 20, 2018 and January 16, 2019). The zone is open along strike and down-dip. The grades are consistently anomalous throughout the entire section of this hole suggesting the potential for a well mineralized core zone in the strongest part of the chargeability anomaly.

The holes completed only tested the western and eastern edges of the Central anomaly due to the constraints of the bog which overlies the anomaly. The Central Anomaly sits on the north-eastern margin of a "Protected Public Water Supply" area centred on the Clarenville, NL area. This area is considered to be in the drainage basin for the Shoal Harbour River, which is the potable water supply for the town of Clarenville and environs. Drilling can be done within a "Protected Public Water Supply Area" but required extensive additional permitting.

In light of the foregoing, the Company and the vendors of the Big Easy amended the terms of the Definitive Agreement (see Big Easy section above). Having received all permits required for a drilling program from the Newfoundland and Labrador government, on March 4, 2020, the Company announced its intention to carry out a 1,000m diamond drilling program to test the core of the Central IP chargeability anomaly at Big Easy, where the strongest chargeability responses are located. However, on April 8, 2020, the Company announced that it suspended the proposed drilling program due to the COVID-19 global pandemic and deteriorating field conditions which made it impossible to carry out an environmentally sound and cost-effective program.

On July 14, 2020, the Company announced that it had commenced a geological mapping, soil sampling and prospecting program at Big Easy. The program focused on follow-up of major target areas outlined by magnetic and induced polarization/resistivity (IP/Res) surveys as well as exploration of the potential southern extension of these chargeability zones which have had only limited previous work. An additional 20 line-kilometres of reconnaissance IP/Res at 400m intervals and using 50m dipoles were completed in the southern part of the claims to test for the extension of the major chargeability zone that extends more than 4km along strike from the Big Easy showing southwards to the ET showing.

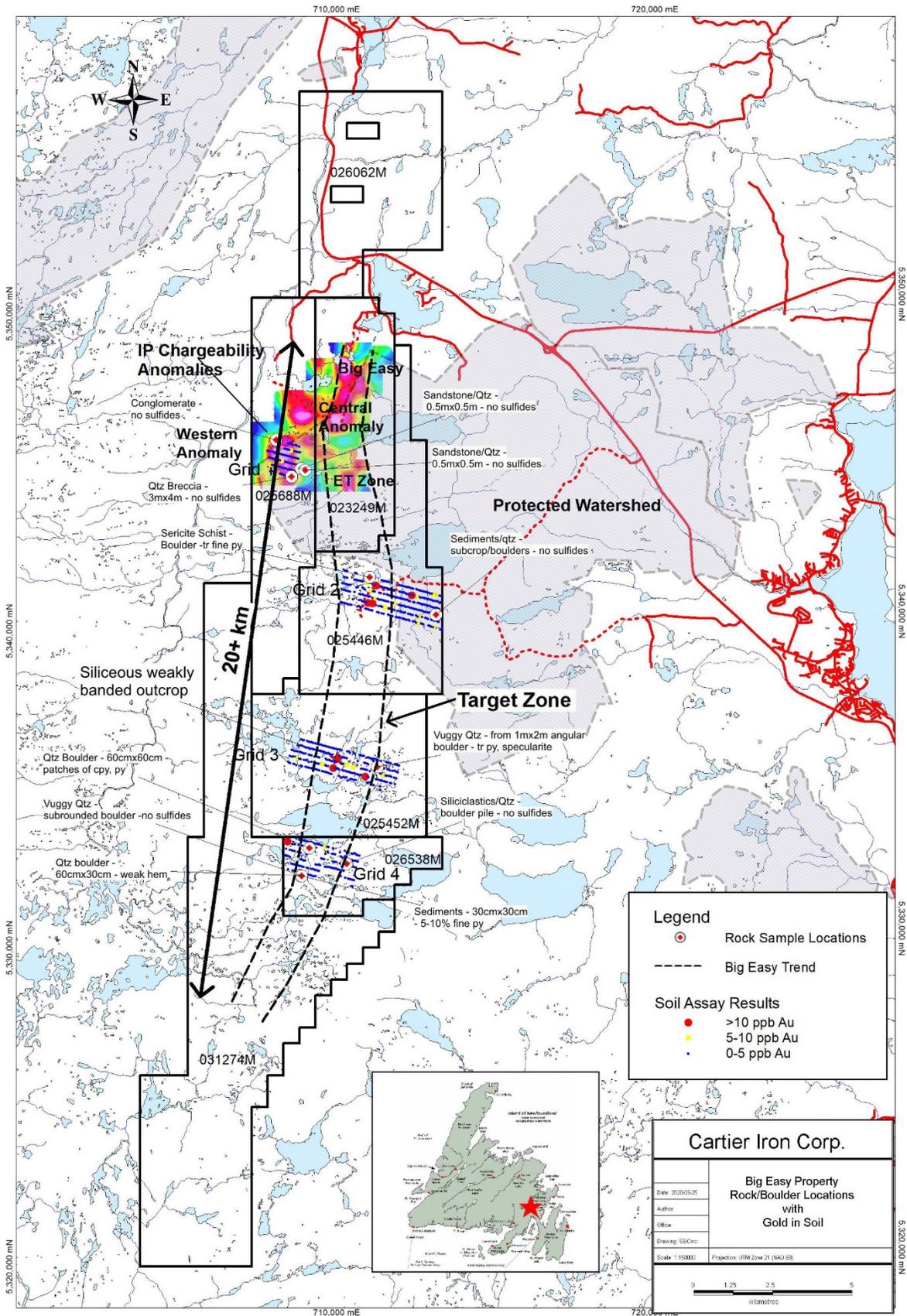
On September 29, 2020, the Company reported the results of the geological mapping, soil sampling and prospecting program. The program focused on follow-up of major target areas outlined by magnetic and induced polarization/resistivity (IP/Res) surveys as well as exploration of the potential southern extension of these chargeability zones which have had only limited previous work. The bulk of the area explored is covered by extensive bog and small lakes/ponds so there is very limited outcrop. Nevertheless, five (5) boulders of quartz were found as shown in Figure 1. The most significant find, however, was a small outcrop of weakly banded siliceous cherty quartz located in the centre of claim 025452M (Figure 1).

This outcrop, as well as the boulders, most likely are siliceous sinter representing a silica cap. Sampling did not return any significant gold values which is typical of silica caps on epithermal systems. The outcrop is located approximately 12.5 km south of the Big Easy showing and 9 km south of the ET showing. The quartz boulders, which are likely close to source, extend further to the south suggesting that the potential overall strike length of the target zone for low sulphidation epithermal gold-silver mineralization may be more than 20 km (Figure 1).

With the staking of an additional 256 claim units to cover the full potential strike length of this extended target zone (see Big Easy section above), an additional 20 line-km IP/Res survey was undertaken in the Grid 2 area of the property. On December 2, 2020, the Company reported the results of the helicopter-borne magnetic survey flown over the southern half of the property to provide. The northern half of the property was flown by previous operators and was available in the Newfoundland Department of Natural Resources assessment files. This program was designed to follow-up the 20 km long target zone for epithermal gold-silver mineralization outlined by the summer 2020 program. The geophysical surveys further refined the Company's understanding of the geological picture at Big Easy and outlined several new target areas.

On January 25, 2021, the Company announced the start of a diamond drill program at Big Easy to test New IP targets and follow-up drilling on the Central Anomaly, where drilling in 2018 intersected a wide alteration zone which returned 0.11 g Au/t and 2.65 g Ag/t over 180.4 m. Additional IP surveys were also carried out to follow-up a major new target area outlined in the southern part of the property.

Figure 1: Plan Map of Big Easy Gold Project showing location of Major Epithermal Gold-Silver Target Zone.



On June 8, 2021, the Company announced the results of its winter 2021 diamond drilling and Induced Polarization/Resistivity (“IP/Res”) program. Four (4) diamond drill holes totaling 1,348m were completed to test IP chargeability targets on the Central Anomaly and Shoal Harbour Grid. An additional 39.5 linekm of IP surveys were carried out to follow-up a major new target area outlined by geological mapping, geochemical soil sampling, airborne magnetics and prospecting on the Sleigh Pond Grid in the southern part of the property. Significant results include an intersection of 0.62 g Au/t and 16.12 g Ag/t over 13.0m in a Low Sulphidation Epithermal Au-Ag System.

On August 25, 2021, the Company announced that it has commenced the planned 10,000m diamond drill program at Big Easy. Drilling will initially focus on the Central Anomaly where previous drilling confirmed an extensive zone of silicification up to 200m wide with epithermal gold-silver mineralization. This additional drilling will more fully explore this very prospective zone which extends for at least 600m along strike. Drilling is also planned to test the chargeability/resistivity anomalies identified in the southern part of the property. The drilling program is being managed by Mercator Geological Services with drilling being carried out by Logan Drilling Group.

The Company also commissioned Clearview Geophysics of Brampton, Ontario to carry out a reconnaissance Controlled Source Audio Magneto-Telluric (CSAMT) in the Central Anomaly – Big Easy Showing Area. The findings of this survey were announced on September 21, 2021, which provided further information about the on-strike and depth extent of potential epithermal mineralization. The CSAMT survey confirms that the low sulphidation gold-silver mineralizing system at Big Easy occurs on a major structure that extends to a depth of a least one km.

On November 23, 2021, the Company provided an update on the diamond drill program, reporting that six holes totaling 3,457m had been completed, with lengths ranging from 425m to 623m, with one additional hole in progress. Assays on all the holes are pending. Drilling prior to the Christmas break will focus on completing the remaining drill holes planned to test the Central Anomaly. Following this, in winter 2022, the focus will shift to testing the resistivity highs in the Big Easy South area approximately 400m south of the original Big Easy showing and in the Central North area approximately 400m to 500m north of the Central Anomaly.

Further information on Big Easy can be found in an independent National Instrument 43-101 Technical Report (“NI 43-101 Report”) prepared by Mercator Geological Services Limited and filed by the Company on SEDAR (www.sedar.com) on June 5, 2018. The NI 43-101 Report summarizes all historical work on the property and has an effective date of April 20, 2018.

Risks and Uncertainties

Going concern

The Company is in the exploration stage and does not generate revenue. For the 9 months ended September 30, 2021, the Company incurred a cashflow deficit from operating activities of \$724,350 (2020 - \$698,797). The cashflow deficits limit the Company’s ability to fund its operations and the acquisition, exploration and development of its mineral properties.

On July 7, 2021, the Company completed a private placement of (i) 19,166,667 units at a price of \$0.09 per unit for gross proceeds of \$1,725,000, and (ii) 28,750,000 flow-through units at a price of \$0.12 per unit for gross proceeds of \$3,450,000 (“Private Placements”) (see page 1, *Private placement*). As at September 30, 2021, the Company had working capital of \$2,816,230 (December 31, 2020 - \$445,379) including cash and cash equivalents of \$3,750,548 (December 31, 2020 - \$943,051). From the cash and cash equivalents, the Company is committed to make eligible Canadian Exploration Expenditures of \$3,176,150 by December 31, 2022.

At September 30, 2021, the Company has an investment in Eoro Resources Ltd. (“Eoro”) with a fair value of \$7,447,167 (see page 1, *Investment in Eoro Resources Ltd.*). The Company has classified the investment in Eoro as a long-term asset as it does not expect to realize the investment within the next 12 months.

The continued operation of the Company is dependent upon the Company’s ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of the COVID-19 pandemic and the measures adopted by governments to mitigate the spread of the pandemic have not significantly impacted the Company. To date, there has been no significant impact on the Company, however, there is significant uncertainty over the impact of the pandemic on the Company’s ability to secure funds in the future.

As a result, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Exploration

The Company 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 Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain licences and permits.

Results of Operations

	3 months ended September 30,		9 months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Expenses				
Professional fees	8,272	7,140	25,026	21,581
Consulting fees	88,000	78,000	244,000	234,000
Financing bonus	—	38,850	—	38,850
Stock-based compensation	—	—	632,000	—
General and administrative	47,097	44,028	155,921	134,923
Investor relations	21,275	355	63,573	24,415
Interest	285	942	1,357	3,298
Depreciation	10,582	10,582	31,746	31,746
Gain on sale of investment in associate	—	(12,361)	(13,158)	(185,422)
Decrease (increase) in fair value of investment in Eloro	1,973,181	—	(7,014,184)	—
Impairment of exploration and evaluation	7,241	—	7,241	560
Other recoveries	(8,559)	(5,875)	(19,303)	(17,102)
Part XII.6 tax	—	1,143	—	4,027
Refundable tax credit notices of assessments	—	—	159,742	—
	2,147,374	162,804	(5,726,039)	290,875
Income (loss) before loss on investment in associate	(2,147,374)	(162,804)	5,726,039	(290,875)
Dilution gain on change in interest in associate	—	(2,592)	—	23,593
Share of loss of an associate	—	(12,453)	—	(79,122)
Income (loss) before income taxes	(2,147,374)	(177,850)	5,726,039	(346,404)
Deferred income tax recovery	83,406	22,607	100,036	38,144
Income (loss) and comprehensive income (loss)	(2,063,968)	(155,243)	5,826,075	(308,260)

9 months ended September 30

The Company recorded income of \$5,826,075 in the current period compared to a loss of \$308,260 in the comparative period of the previous year. The change in income (loss) reflects the following:

- stock-based compensation of \$632,000 was recorded in respect of stock options granted during the period (see page 1, *Grant of stock options*), whereas no stock options were granted during the comparative period.
- effective January 1, 2021, the Company accounted for its investment in Eloro at fair value (see page 1, *Investment in Eloro*) and recorded an increase of \$7,014,184 in the fair value of investment in Eloro.
- on November 8, 2018, the Company received notices of assessments from Revenu Québec for the repayment refunds received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2015 ("Notices"). The Company filed notices of objection with respect to the Notices and Revenu Québec has now ruled that the Notices were deemed valid and binding in conformity with the *Taxation Act*. Accordingly, the amount of the Notices of \$159,742 has been recorded as a liability.

3 months ended September 30

The Company recorded income of \$2,063,968 in the current period compared to a loss of \$155,243 in the comparative period of the previous year. The change in the loss reflects the following:

- effective January 1, 2021, the Company accounted for its investment in Eloro at fair value (see page 1, *Investment in Eloro*) and recorded a decrease of \$1,973,181 in the fair value of investment in Eloro.

Summary of Quarterly Results

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Income (loss)								
- Total	(158,807)	(122,979)	(30,039)	(155,242)	(132,426)	6,597,656	1,292,387	(2,063,968)
- Per share	(0.003)	(0.002)	(0.001)	(0.003)	(0.002)	0.073	0.014	(0.016)

Income for Q1 2021 and Q2 2021 includes an increase of in the fair value of investment in Eloro of \$7,535,190 and \$1,452,175, respectively. Loss for Q3 2021 includes a decrease of in the fair value of investment in Eloro of \$1,973,181.

Liquidity and Capital Resources

Capital resources

At September 30, 2021, the Company had a cash balance of \$24,774, receivables of \$184,551 and an investment in Eloro with a fair value of \$7,967,750. On August 27, 2021, the investment in Eloro had a fair value of \$7,935,158.

As the Company is in the exploration stage and has no revenue, the Company has financed its operations with advances from related parties, sale of Eloro common shares and equity financings. The Company is dependent upon the support of its creditors and the Company's ability to sell Eloro common shares, secure advances from related parties and equity financings to meet its existing obligations and to fund its working capital requirements and the acquisition, exploration and development of mineral properties.

Excluding consulting fees to management, the payment of which is being deferred, corporate and general costs for the years ended December 31, 2020 and 2019 were approximately \$305,000 and \$245,000, respectively. For the year ended December 31, 2021, the Company estimates its corporate and general costs at approximately \$300,000. For the 9 months ended September 30, 2021, the Company incurred corporate and general costs of approximately \$245,000.

Management is of the opinion that sufficient working capital will be obtained from the sale of Eloro common shares, advances from related parties and equity financings to meet the Company's liabilities and commitments as they become due.

Transactions with Related Parties

Compensation	9 months ended September 30, 2021			Outstanding as at September 30, 2021
	Consulting fees	Stock-based compensation	Total	
	\$	\$	\$	\$
Gambier Holdings Corp., a company controlled by Thomas G. Larsen, for his services as Chief Executive Officer	90,000	146,977	236,977	17,591
Francis Sauve, a director	-	22,047	22,047	-
A.S Horvath Engineering Inc., a company controlled by Alexander Horvath, a director	9,000	22,047	31,047	33,240
Michel Gagnon, a director	-	22,047	22,047	-
Harry Burgess, a director	-	22,047	22,047	-
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	67,500	73,488	140,988	125,004
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary	67,500	73,488	140,988	119,519

Financial Instruments and Other Instruments

A number of the Company'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, accounts payable and accrued liabilities and CEBA term loan

The fair values of cash, accounts payable and accrued liabilities and CEBA term loan at September 30, 2021 approximated their respective carrying value due to their short term to maturity.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;

Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data

The Company accounts for its investment in Eloro at fair value.

Financial risk management

The Company'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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company'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 Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is equal to the Company's cash. The Company 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 Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company'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. The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral properties. Accounts payable and accrued liabilities are subject to normal trade terms.

The following table sets out financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities	Refundable tax credit notice of assessment payable	Lease liability	Canada Emergency Business Account loan	Total
	\$	\$	\$	\$	\$
Less than 1 year	440,679	149,742	11,474	–	601,895
1-5 years	–	–	–	40,000	40,000
More than 5 years	–	–	–	–	–
Balance, September 30, 2021	440,679	149,742	11,474	40,000	640,895

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. At September 30, 2021, the Company is exposed to equity price risk on its investment in Eloro.

Currency risk

Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash in Canadian dollars.

Interest rate risk

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

Capital management

Capital of the Company consists of share capital, contributed surplus, warrants and deficit. The Company's objective when managing capital is to safeguard the Company'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 Company manages its capital structure and makes adjustments based on the funds available to the Company 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 Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company 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 Company, is reasonable.

As the Company is an exploration stage company 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 Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company'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 the sale of Eloro common shares, advances from related parties and equity financings to meet the Company's liabilities and commitments as they become due."	The Company will obtain working capital from the sale of Eloro common shares, advances from related parties and equity financings will be obtained.	The Company is unable to obtain future financing to meet its liabilities and commitments as they become due.

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 Company for the periods indicated.

General and administrative expenses

	9 months ended September 30,	
	2021	2020
	\$	\$
Office	118,427	115,150
Public company costs	37,494	19,773
	155,921	139,923

Exploration and evaluation

	December 31, 2020	Acquisition costs	Exploration expenditures	Mining tax credits	Impairment	September 30, 2021
	\$	\$	\$	\$	\$	\$
Property						
Gagnon	–	–	7,241	–	(7,241)	–
Big Easy	1,342,801	136,500	1,381,383	(76,500)	–	2,784,184
	1,342,801	136,500	1,388,624	(76,500)	(7,241)	2,784,184

Shares outstanding as at November 29, 2021*Authorized:*

Unlimited number of common shares.

Outstanding:

140,081,138 common shares.

Stock options*Authorized:*

14,008,113 stock options, representing 10% of the issued and outstanding common shares.

Outstanding:

Exercise price	Expiry date	Number of stock options issued and exercisable
\$0.15	April 10, 2023	200,000
\$0.17	February 3, 2026	4,300,000
		4,500,000

Warrants

Exercise price	Expiry date	Number of warrants
\$0.10	September 10, 2023	7,571,429
\$0.10	September 17, 2023	10,509,132
\$0.14	July 7, 2024	19,166,667
\$0.14	July 7, 2024	28,750,000
		65,997,228