MAMMOTH RESOURCES CORP.
Form 51-102F1: Management's Discussion and Analysis
For the three and nine months ended October 31, 2020
(Reported in Canadian Dollars)

This management discussion and analysis ("MD&A") has been prepared based on information available to Mammoth Resources Corp. ("Mammoth" or the "Company") as at December 22, 2020. The MD&A of the operating results and financial condition of the Company for the three and nine months ended October 31, 2020, should be read in conjunction with the Company's condensed consolidated interim financial statements (the "Financial Statements") and the related notes for the three and nine months ended October 31, 2020, and the Company's audited financial statements for the year ended January 31, 2020 prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com or on the Company's website at www.mammothresources.ca.

Business Overview and Overall Performance

Business overview

The Company was incorporated under the provisions of the *Business Corporations Act* (British Columbia) on January 7, 2011. The head office of the Company is located at 410-150 York Street, Toronto, Ontario, Canada, M5H 3S5. The records office of the Company is located at 10th Floor, 595 Howe St., Vancouver BC V6C 2T5. The Company's common shares trade on the TSX Venture Exchange under the symbol MTH.

The Company is a mineral exploration company focused on acquiring and defining precious metal resources in Mexico and other attractive mining friendly jurisdictions in the Americas. The Company has acquired a 100%, interest of the Tenoriba Property located in the Sierra Madre Precious Metal Belt in southwestern Chihuahua State, Mexico. On December 17, 2018, the Company signed an option agreement with Minera Centerra S.A. de C.V. ("**Centerra**") (a subsidiary of Centerra Gold Inc. ("**Centerra Gold**")) whereby the Company has granted Centerra the right to acquire an initial 51% interest in the Tenoriba Project. On September 22, 2020, Centerra ceased exploration activities on the Tenoriba property and subject to a 60-day notice period, all ownership interests, information, permissions and applications for permissions to explore the Tenoriba property were to be transferred to Mammoth. The Company continues to seek other option agreements in the Americas on other properties it deems to host above average potential for economic concentrations of precious metals mineralization.

Going Concern

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplate the realization of assets and the discharge of liabilities in the ordinary course of business. As of October 31, 2020, the Company had recurring net losses and negative cash flows from operations. In addition, the Company has future spending commitments with the Government of Mexico to maintain its exploration concessions in good standing.

For the nine months ended October 31, 2020, the Company incurred a net loss of $222,270 (2019 – $29,674) and used cash from operations of $50,857 (2019 - received cash from operations of $700). As at October 31, 2020, the Company had an accumulated deficit of $2,935,596 (January 31, 2020 - $2,713,327) and a working capital deficit of $701,637 (January 31, 2020 – $759,700). The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations. The Company also is dependent upon its ability to continue to raise adequate financing and there can be no assurances that the Company will be successful. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern. Changes in future conditions could require material write-downs of the carrying values. The Company is actively targeting sources of additional financing, which may assure continuation of the Company's operations and exploration programs.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by countries to fight the virus. Therefore, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations as a going concern.

Title to exploration and evaluation assets involve certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing. However, there can be no guarantee of title and the exploration and evaluation assets may otherwise be subject to prior claims, agreements, or transfers and rights of ownership may be affected by undetected defects. The properties in which the Company has earned or committed to earn an interest are located in Mexico.

Operational Highlights

- From January 22, 2018 through April 26, 2018, including announcements on March 1 and April 12, 2018, Mammoth reported results from the diamond drill program at Tenoriba. Results are summarized in the Tenoriba Project Activities Section of the MD&A with some of the highest grade intersections including:
    - **5.9 metres** (m) grading **3.51 grams per tonne** (g/t) gold equivalent (gold Eq), in hole **TEN 17-01**;
    - **7.2 m** grading **4.34 g/t gold Eq**, including **3.59% copper**, in hole **TEN 17-03** and;
    - **5.5 m** grading **4.99 g/t gold Eq** in hole **TEN 17-05**.
    - The **longest potentially economical intersection** included: **126.8 m** grading **0.52 g/t gold Eq** in hole **TEN 17-06**, including **58.2 m** grading **0.8 g/t gold Eq**.
- On December 17, 2018, the Company signed a seven-year option agreement on the Tenoriba Project with Centerra, whereby Centerra can earn a 70% interest over seven years as described below. During September 2020, Centerra announced to the Company that is was ceasing exploration activities in Mexico, and as a result of this decision terminated its option on the Tenoriba property.
- In January 2020, the Company completed the option payments required to earn a 100% interest in the Tenoriba Project, subject to a 2% Net Smelter Return royalty, which can be purchased by the Company at any time within a two-year period from commencement of commercial production for US$1,500,000.
- On September 22, 2020, the Company announced that Centerra had informed the Company it was ceasing all exploration activities in Mexico, including at Tenoriba and that this decision was "no reflection upon any of the exploration properties it was involved in, including the Tenoriba property". As a result of this decision 100% of the Tenoriba property was returned to Mammoth.
- As a result of Centerra leaving the Tenoriba project, Centerra and Mammoth have collaborated on the transfer of all project information and surface access agreements to the Company to ensure access for future exploration activities, including Centerra's submission of a drill permit for 139 drill locations at Tenoriba. On November 5, 2020, the Company reached an agreement to extend the surface access for a two-year period with one of the two communities (ejido(s)), which oversees surface access to the Tenoriba property. The Company is advancing a similar two-year extension with the second of these two ejidos.

Tenoriba Area, Mexico

Mammoth signed an agreement (the "**Agreement**") with two private Mexican citizens on July 3, 2012 to option the Tenoriba project in southwestern Chihuahua State, Mexico. The Agreement pertains to three concessions, Mapy, Mapy2 and Fernanda, collectively referred to as the **Tenoriba Project**. The terms of the Agreement permitted the

Company to acquire a 100% interest in the Tenoriba Project, subject to a 2% Net Smelter Return ("**NSR**") royalty payable to the vendors upon commercial production (the royalty can be purchased by the Company at any time within a two-year period from commencement of commercial production for US$1,500,000), by issuing a total of 225,000 common shares and making total cash payments of US$160,000 to the vendors over a four-year option period and spending US$1,000,000 in exploration expenditures on or before June 30, 2016. On March 12, 2015 the Company amended the original option agreement on Tenoriba, extending the Company's commitments to earn its 100% interest in Tenoriba to the end of 2019. The Company has earned a 100% interest in the Tenoriba Project, subject to the 2% NSR.

On October 3, 2012, the Company, through its Mexican subsidiary, registered the Mapy3 concession comprising 1,849.6 hectares and located directly east of the Mapy and Mapy2 concessions. On February 18, 2018, the Company received confirmation of title from the Direccion General de Minas (mining department of the Mexican government) acknowledging title to the Mapy3 concession. The Company is 100% holder of this concession and is now part of the Tenoriba Area.

The Tenoriba Area is thus comprised of four concessions, Mapy, Mapy2, Mapy3 (collectively the "**Mapy Concessions**") and Fernanda.

Centerra Option Agreement
On December 17, 2018, the Company signed an option agreement with Centerra whereby the Company had granted Centerra the right to acquire an initial 51% interest in the Tenoriba Project by spending US$5,000,000 in exploration expenditures and making payments to Mammoth of US$400,000 and a second tranche ownership option whereby Centerra could earn an additional 19% interest by spending US$4,000,000 in exploration expenditures and making a payment of US$600,000 to Mammoth.

On September 22, 2020, Mammoth announced that Centerra had informed the Company it was ceasing all exploration activities in Mexico, including at Tenoriba and that this decision was "no reflection upon any of the exploration properties it was involved in, including the Tenoriba property". Subject to a 60-day notice period, all ownership interests, information, permissions and applications for permissions to explore the Tenoriba property were to be transferred to Mammoth.

Project Activities
Mammoth acquired under the original option agreement on July 3, 2012 the Tenoriba project in southwestern Chihuahua State, Mexico. From October 18, 2012 to as recent as April 26, 2018, the Company has continued to report results from surface exploration activities at Tenoriba, including; mapping and chip channel sampling, geochemical and geophysical studies, preliminary metallurgical testing, surface channel sampling and diamond drilling. On February 20, 2014, the Company posted on its web-site an in-house, non 43-101 compliant technical report (was written by the Company's qualified person, versus an independent qualified third party) summarizing all known historical work performed on the property and all work performed by Mammoth until the end of 2013. The report recommends drilling geophysical targets and continuing metallurgical testing of precious metal enriched cyanide leachable material on the property.

On February 20, 2014, the Company announced its highest to date sample assaying 73.4 g/t gold from its outcrop sampling program at Tenoriba together with numerous additional samples which assay greater than 1.0 g/t within a detailed mapping and sampling program located at the Los Carneritos target area.

On April 9, 2014, the Company announced the completion of the geophysics report, including various surface plans and geophysical survey cross sections from the Induced Polarization and Magnetic ground geophysics survey covering approximately one third of the large 15 square kilometre target area of gold-silver mineralization at Tenoriba. Mammoth also reported that the coincidence of geophysical targets below surface area with good assay results coupled with recommendations for drilling these targets in the report led the Company to advance the permitting process for drill testing these targets.

On April 16, 2014, the Company announced that it confirmed the position of 14 drill holes to test the depth extent of numerous geophysical features below attractive surface geology at Tenoriba.
On November 5, 2014, the Company announced that it has received a permit to drill the Tenoriba property. The

(Reported in Canadian Dollars)

permit allows the Company drill up to 20 drill holes under an "Informe Preventivo" or "Aviso de Inicio de Actividades de Proyectos de Exploracion Minera Directa" (NOM-120-ECOL-1997) and was submitted to the SEMARNAT (Secretariaria de Medio Ambiente nine Recursos Naturales) office in Chihuahua, Mexico.

On October 18, 2016, the Company announced the recommencement of exploration activities at Tenoriba after a two-year hiatus due to the weak investment climate in the industry and the challenges to raising equity capital accretive for exploration, project activities including systematic PIMA sampling, mapping and analysis.

On November 29, 2016, the Company announced a two-year extension to its drill permit at the Tenoriba property and on January 26, 2017, the Company announced results from its systematic PIMA program and intent to perform a follow-up infill program, road construction and trenching programs to commence in the first half of 2017.

On June 14, 2017, the Company announced initial results from its surface channel sampling program from channels El Moreno 1, and Carneritos 1 and 2 and on July 31, 2017, the Company announced the completion of this program with 14 channel sample lines having been completed and that the infill PIMA sampling program had been completed over the Cerro Colorado target area.

On August 8, 2017, the Company announced results from El Moreno channels 2, 3 and 4 and Masuparia channel 1. On August 22, 2017, the Company announced results from Masuparia channels 2 and 3 and Carneritos channels 4 and 5. On September 21, 2017, the Company announced results from the final channel sample at Cerro Colorado and provided the following table which summarized all surface trench results from this program.

Location	Channel Width (m)	True Width (m)	Weighted Average Gold Grade (g/t)	Weighted Average Silver Grade (g/t)	Weighted Average Gold Equivalent* Grade (g/t)
El Moreno 1	13.6	11.5	0.64	2.5	0.67
El Moreno 2	16.5	16.0	0.38	4.3	0.44
El Moreno 3	6.0	5.0	0.28	0.6	0.29
El Moreno 4	12.0	11.0	0.23	9.7	0.36
Carneritos 1	15.7	15.5	0.99	6.1	1.07
Carneritos 2	7.4	7.0	1.28	8.2	1.36
Carneritos 3	13.5	13.5	1.50	3.4	1.55
Carneritos 4	10.0	10.0	0.42	7.2	0.51
Carneritos 5	11.9	11.9	0.05	0.01	0.08
Carneritos 6	6.2	6.2	0.88	4.4	0.94
Masuparia 1	13.1	13.1	0.66	0.9	0.67
Masuparia 2	6.4	6.4	0.47	10.0	0.61
Masuparia 3	12.0	9.7	0.11	1.0	0.12
Cerro Colorado	6.8	6.4	0.54	1.9	0.57

* Silver was converted to gold in the reported values at the time of this reporting at the then ratio of the price of an equivalent weight of silver to gold of 80:1.

On October 25, 2017, Mammoth announced drill targets for its upcoming diamond drill program to commence imminently and on November 22, 2017 the Company announced the mobilization of diamond drill equipment to Tenoriba. From January 22, 2018 through April 26, 2018, including announcements on March 1 and April 12, 2018, Mammoth announced results from the diamond drill program.

Results are summarized in the following table:

(Reported in Canadian Dollars)

Location	**Hole Number**	**From** (m)	**To** (m)	**Total** (m)	**Weighted Average Gold Grade** (g/t)	**Weighted Average Silver Grade** (g/t)	**Weighted Average Copper Grade** (%)	**Weighted Average Gold Equivalent* Grade** (g/t)
El Moreno	**TEN 17-01**	169.0	209.0	**30.0**	0.77	2.0		**0.79**
	(including)	198.5	204.5	**5.9**	3.41	7.2		**3.51**
	TEN 17-02	180.5	260.5	**80.0**	0.17	0.3		**0.18**
	(including)	187.0	196.0	**9.0**	0.51	5.3		**0.52**
	(including)	180.5	196.0	**15.5**	0.35	8.6		**0.36**
	TEN 17-03	85.0	92.2	**7.2**	0.23	36.3	3.59	**4.34**
Masuparia	**TEN 17-04**	0.0	10.0	**10.0**	1.12	0.1		**1.13**
		45.1	90.5	**45.4**	0.53	0.1		**0.63**
	(including)	45.1	59.8	**14.7**	0.61	0.2		**0.86**
	(including)	72.5	90.5	**18.0**	0.78	0.1		**0.83**
	TEN 17-05	28.0	55.0	**27.0**	0.51	0.1		**0.63**
	(including)	46.6	55.0	**8.4**	1.30	0.1		**1.39**
		70.0	93.5	**23.5**	1.30	1.3		**1.32**
	(including)	83.5	93.5	**10.0**	2.89	3.2		**2.93**
	(including)	86.5	92.0	**5.5**	4.92	5.1		**4.99**
Carneritos	**TEN 17-06**	43.7	170.5	**126.8**	0.47	7.2		**0.52**
	(including)	70.7	129.0	**58.2**	0.73	3.9		**0.80**
	(including)	70.7	95.7	**25.0**	1.10	2.7		**1.21**
	(including)	95.7	111.0	**15.0**	0.51	0.4		**0.54**
	TEN 17-07	11.5	53.5	**42.0**	0.21	5.0		**0.28**
		65.5	78.0	**12.5**	0.33	2.4		**0.36**
	TEN 17-08	52.5	62.7	**14.9**	0.58	3.1		**0.62**

* Silver was converted to gold in the reported values at the time of this reporting at the then ratio of the price of an equivalent weight of silver to gold of 80:1.

(Reported in Canadian Dollars)

Exploration and evaluation assets

The Company has incurred the following acquisition and deferred exploration costs on the Tenoriba Project:

For the nine months ended October 31, 2020	**Tenoriba Project**
Acquisition costs, January 31, 2020 and October 31, 2020	**$ 216,614**
Deferred exploration costs, January 31, 2020	**2,043,084**
Additions for the nine months ended October 31, 2020	
Geological consulting	55,451
Professional fees	4,316
Other	6,321
	66,088
Expense recovery	(37,637)
	28,451
Deferred exploration costs, October 31, 2020	**2,071,535**
Total exploration and evaluation assets, October 31, 2020	**$ 2,288,149**

For the year ended January 31, 2020	**Tenoriba Project**
Acquisition costs, January 31, 2019	**$ 177,376**
Additions	39,238
Acquisition costs, January 31, 2020	**216,614**
Deferred exploration costs, January 31, 2019	**2,112,330**
Additions for the year ended January 31, 2020	
Geological consulting	41,378
Professional fees	2,413
Other	2,189
Travel and accommodation	1,572
	47,552
Expense recovery	(37,388)
	10,164
Option payment	(79,410)
	(69,246)
Deferred exploration costs, January 31, 2020	**2,043,084**
Total exploration and evaluation assets, January 31, 2020	**$ 2,259,698**

Richard Simpson, P. Geo., Vice-President Exploration for Mammoth Resources Corp., is Mammoth's Qualified Person, according to National Instrument 43-101 and supervised the preparation of the technical information contained in this MD&A in compliance with NI 43-101.

(Reported in Canadian Dollars)

Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's Financial Statements and related notes.

Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

	October 31 2020	**July 31 2020**	**April 30 2020**	**January 31 2020**
	$	$	$	$
Total assets	2,494,473	2,450,003	2,419,284	2,436,440
Shareholders' equity	1,654,115	1,748,565	1,548,163	1,585,669
Total revenues	Nil	Nil	Nil	Nil
Loss and comprehensive loss	(94,451)	(90,313)	(37,506)	(31,027)
Loss and comprehensive loss per share - basic	(0.002)	(0.003)	(0.001)	(0.000)

	October 31 2019	**July 31 2019**	**April 30 2019**	**January 31 2019**
	$	$	$	$
Total assets	2,459,304	2,465,638	2,473,895	2,460,294
Shareholders' equity	1,616,696	1,623,646	1,631,052	1,559,268
Total revenues	Nil	Nil	Nil	Nil
Loss and comprehensive loss	(7,257)	(7,099)	(15,318)	(19,498)
Loss and comprehensive loss per share - basic	(0.000)	(0.000)	(0.000)	(0.000)

Nine months ended October 31, 2020

For the nine months ended October 31, 2020, the Company reported a loss and comprehensive loss of $222,270 (October 31, 2019 - $29,674). General and administrative expenses, which amounted to $17,205 for the nine months ended October 31, 2020 (2019 - $16,779) consisted of shareholder and investor relation fees and regulatory and filing fees. Management fees were $73,440 for the nine months ended October 31, 2020 (2019 - $18,250). Professional fees were $24,000 for the nine months ended October 31, 2020 (2019 - nil) and interest expense was $28,678 for the nine months ended October 31, 2020 (2019 - $5,200).

Three months ended October 31, 2020

For the three months ended October 31, 2020, the Company reported a loss and comprehensive loss of $94,451 (October 31, 2019 - $7,257). General and administrative expenses, which amounted to $1,019 for the three months ended October 31, 2020 (2019 - $2,257) consisted of shareholder and investor relation fees and regulatory and filing fees. Management fees were $32,440 for the three months ended October 31, 2020 (2019 - $5,000). Professional fees were $8,000 for the three months ended October 31, 2020 (2019 - nil) and the interest expense was $7,274 for the three months ended October 31, 2020 (2019 - $nil).

(Reported in Canadian Dollars)

General and administrative expenses:

	Three months ended October 31,		Nine months ended October 31,	
	2020	2019	**2020**	2019
Shareholder and investor relations	**$(1,782)**	$694	**$275**	$6,009
Office costs	**(2,942)**	62	**-**	1,118
Communications	**(1,372)**	-	**-**	70
Regulatory and filing fees	**-**	-	**7,435**	3,743
Insurance	**6,230**	244	**8,592**	4,159
Travel	**886**	1,257	**903**	1,680
	$1,019	$2,257	**$17,205**	$16,779

Liquidity

The Company currently has no operating revenues and relies primarily on capital raised from equity financings.

For the nine months ended October 31, 2020, the Company incurred a net loss of $222,270 (October 31, 2019 - $29,674), cash used by operations was $50,857 (October 31, 2019 received - $700), and as at October 31, 2020, had an accumulated deficit of $2,935,596 (January 31, 2020 - $2,713,327) and a working capital deficit of $701,637 (January 31, 2020 - $759,700). The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations, which may rely upon the ability of the Company to raise alternative financing and/or the Company's ability to dispose of its interests on an advantageous basis. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern. Changes in future conditions could require material write-downs of the carrying values.

Capital Resources

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it is using best efforts to raise equity capital as required in the long term but recognize there will be risks involved that may be beyond its control. The Company has no outstanding debt facility upon which to draw.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

The Company defines its key management as directors, Chief Executive Officer, Chief Financial Officer and VP Exploration. For the nine months ended October 31, 2020, key management compensation and interest expense accrued to senior officers, totalling $148,250 (2019 - $44,241) including share-based payments of $39,072 (2019 - $nil). Shares for debt were issued June 15, 2020, which reduced the due to related party accrual to senior officers by $59,993.

(Reported in Canadian Dollars)

The following table summarizes information on related party transactions:

	Three months ended October 31,		Nine months ended October 31,	
	2020	2019	**2020**	2019
Amounts recorded in Exploration and Evaluation assets:				
VP Exploration consulting fees	$10,000	$ -	$31,000	$20,791
Amounts recorded in Comprehensive Loss:				
Management fees, CEO and CFO	32,440	5,000	73,440	18,250
Interest expense	7,274	-	28,678	5,200
Share based compensation	-	-	39,072	-

As at October 31, 2020, amounts due to related parties were $338,836 (January 31, 2020 - $321,912). This liability represents the accrued consulting fees due to the CEO, CFO and the VP Exploration. The Officers have opted to defer payment of their consulting fees in order to use the Company's cash for business and exploration activities.

As at October 31, 2020, a loan payable to the CEO amounted to $224,110 (January 31, 2020 - $241,079). The loan bears interest at 13%, is unsecured and due on demand. This liability represents the expenses the CEO has paid on behalf of the Company. As of October 31, 2020, accrued interest on the loan amounted to $17,575 (January 31, 2020 - $41,469).

On March 29, 2019, $20,000 of the loan was settled by the issuance of 400,000 common shares of the Company valued at $18,000, which resulted in a gain on settlement of $2,000. On July 23, 2020, $53,990 of the amounts due to related parties was settled by the issuance of 1,714,100 common shares of the Company.

The Company entered into consulting agreements with the CEO and VP Exploration for the provision of consulting services subject to the Capitalization (funds available from a financing, other financing related activities, including project funding, and free of any accruals and debt) of the Company, as follows:

Annual Base Compensation	CEO	VP Exploration
Capitalization (Net proceeds of financing):		
Between $0 to $500,000	$66,000	$42,000
Between $500,000 to $1,000,000	$90,000	$72,000
Greater than $1,000,000	$170,000	$126,000

In addition to base fees noted above, the officers are eligible for a discretionary bonus up to 100% of base fees as recommended by the Compensation Committee and approval by the Board of Directors.

The provision of the services shall continue for a period of five years from the Effective Date and shall be extendable by concurrent periods of 6 months each, unless otherwise terminated. The Company must provide six and twelve months written notice of termination for the VP Exploration and CEO, respectively, but reserves the right to waive such notice upon paying the fees, which would have accrued during these periods. Should the Company be subject to a change of control and the agreements terminate, the agreements will terminate immediately, and the Company will be required to pay the base fees equal to 24 and 36 months for the VP Exploration and CEO, respectively, at the rates equivalent to Capitalization greater than $1,000,000, plus an amount equal to any discretionary bonus paid or accrued in the preceding 12 month period.

Proposed Transactions

There are currently no proposed transactions.

Critical Accounting Estimates and Judgements

The preparation of the condensed interim consolidated financial statements is in conformity with IFRS which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Key areas of judgement made in applying the Company's accounting policies are as follows:

(i) Exploration and evaluation expenditures

Costs incurred in respect of properties may not reflect the true value of the underlying exploration assets.

Key areas of estimation where management has made difficult, complex or subjective assumptions, often as a result of matters inherently uncertain are as follows:

(i) Measurement of share-based payments and warrant valuation

The Company uses the Black-Scholes option-pricing model to determine the fair value of share-based payments and warrants. Inputs to the model are subject to various estimates about volatility, interest rates, dividend yields, forfeiture rates and expected life of the instruments issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

(ii) Determination of fair values

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. The Company uses a discount rate to determine the fair value of deferred consulting fees on initial recognition. The discount rate is based on an estimated market rate for the Company to obtain similar unsecured financing from a third-party lender.

(iii) Taxes

Provisions for taxes are made using the best estimate of the amounts expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Accounting Policies and Recent Accounting Pronouncements

The Company's significant accounting policies are presented in Note 3 of the annual audited financial statements for the year ended January 31, 2020.

Issued and Outstanding Share Information

As at the date of this report, the Company has 39,874,788 Common Shares and 3,056,417 stock options issued.

Financial Instrument Risk Management

a) Fair value of financial instruments

The carrying value of cash, trade payables and accrued liabilities, loan from third party, due to related parties, interest payable and loan from related party approximate their fair values due to the short-term nature of these financial instruments.

b) Risk management

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. The risk factors as disclosed below could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Credit risk

The Company's credit risk is primarily attributable to its cash and government taxes recoverable. The risk exposure is limited to their carrying values at the statement of financial position date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments.

Interest rate risk

The Company is not exposed to significant interest rate risk since it has no interest-bearing debt except loan from related party, which bears a fixed rate of interest. Cash is held in accounts of financial institutions that do not bear significant interest.

Liquidity risk

The Company's objective is to ensure that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash. As at October 31, 2020, the Company had cash of $47,365 in cash to settle current liabilities of $790,359, which include accounts payable and accrued liabilities of $209,838, due to related parties of $338,836, a loan from an officer of $224,110 and interest payable of $17,575. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

The Company operates in Canada and Mexico, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently have an impact upon the reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by interest rate risk, currency risk or credit risk.

Additional risks are described in the Company's Management Discussion and Analysis for the year ended January 31, 2020.

Cautionary Note Regarding Forward-looking Information

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, mine development costs, unit costs, capital costs, timing of commencement of operations and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission by which the Company is regulated, exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is required to file basic certificates, which it has done for period ended October 31, 2020. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at October 31, 2020.