ST-GEORGES ECO-MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Nine Months Ended September 30, 2020

INTRODUCTION

The following Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for St-Georges Eco-Mining Corp. ("Company") should be read in conjunction with the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2020, and the audited financial statements for the year ended December 31, 2019. Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are in Canadian dollars, unless otherwise stated.

Additional information relating to the Company can be found on SEDAR (www.sedar.com) under St-Georges Eco-Mining Corp. or on the Company's website (www. http://st-georgescorp.com/).

This MD&A is dated November 30, 2020.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. These forward-looking statements, by their very nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated. The Company considers the assumptions upon which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond the Company's control, may ultimately prove to be incorrect.

COMPANY DESCRIPTION

St-Georges Eco-Mining Corp. was incorporated under the Canada Business Corporations Act on September 21, 2002. The Company is listed on the Canadian Securities Exchange, having the symbol SX, on the US OTC, having the symbol SXOOF, and on the Deutsche Börse in Frankfurt (FSE) under the symbol 85G1. The address of the Company's corporate office and principal place of business is 230 Rue Notre-Dame West, Montreal, H2Y 1T3, Canada. The principal activities of the Company are the development of eco-mining metallurgical processes and the exploration and evaluation of mineral properties in Canada and Iceland. The Company, which is in the process of exploring its mineral properties, has two reportable segments and all of the assets are located in Canada and Iceland. The Company is also developing blockchain technology.

OVERVIEW

The Company is engaged in the exploration of certain properties summarized as follows and described in more detail in the financial statements.

Villebon Property

The Villebon Property is located within the Abitibi Greenstone Belt of northwestern Quebec. In a prior year, the Company concluded there were indications that certain of the remaining claims comprising the asset and may be impaired and as a result, the Company recorded an impairment charge and wrote the property down to a nominal value. During the year ended December 31, 2019, the Company disposed the Villebon Property when the Company sold Kings of the North Corp. and recognized a disposal of property of $1.

Julie and Isoukustouc Projects

The Julie Project is located south of Lac La Blache, Quebec.

The Isoukustouc Project is located within the Manicouagan River – Manic Complex, Quebec.

During the year ended December 31, 2019, the Company disposed the Julie and Isoukustouc Projects when the Company sold Kings of the North Corp. and recorded a disposal of property of $771,653.

Le Royal Lithium Project

In October 2016, the Company completed the acquisition of a set of 5 mineral exploration claims in the lithium mining camp of LaCorne, in the Abittibi region of Quebec. The acquisition was done jointly with Lepidico Ltd. (ASX: LPD) (formerly known as Platypus Minerals Ltd.) ("Lepidco"). St-Georges currently own 90% of the project and Lepidico owns 10%. Lepidico obligations have all been met. Lepidico commissioned and paid a Technical National Instrument 43-101 Report on the project and paid all cash obligations to the vendors. The only on-going obligation of Lepidico moving forward is to provide access to its lepidolite-lithium extraction technology (L-Max®) for the Le Royal Lithium project.

Manicouagan Nickel-Copper-PGE Project

On January 27, 2020, the Company entered into an agreement to acquire 100% of the Manicouagan Nickel-Copper-PGE project located 165km north of its 100% owned Julie Nickel-PGE project on the Quebec North Shore. This project was co-owned by Exploration J. F. Inc and Frank Dumas. The board of the Company has chosen to acquire this project as it is in line with the commodities sought by the Company and provides synergies with Julie Nickel-PGE project located within the Manicouagan trend.

The Manicouagan project presently consists of a total of 115 contiguous claims (79 already issued, 36 still pending/in demands) covering an area of approximately 6070 ha or 61 km^2. The historic work program successfully identified significant intercepts of nickel, copper and platinum group elements (PGEs) mineralization. Best values are concentrated in three areas (Bob and Bob-East, Feu/Derniere Chance and Mountain-Front) with narrow and stacked mineralized zones intimately associated with ultramafic flows or sills. The Historic work programs also identified many additional conductors (geophysical targets) within the claim block that were only minimally tested or remaining untested and to be followed-up. The Company will conduct new geophysical surveys, detailed geological mapping and geochemical sampling to explore for a larger potential source.

The Company will pay the vendors:

- Issue 5 million shares to Exploration JF Inc. in a 2 years escrow period; (issued on February 6, 2020)
  - 500,000 shares released in 4 months and one day;
  - 500,000 shares released at the anniversary date of this agreement;
  - 500,000 shares released in 18 months;
  - 500,000 shares released in 24 months;
- Issue 3 million shares to Frank Dumas under a complete escrow for 60 months from issuance; (issued on February 6, 2020)
- $25,000 will be paid to Exploration JF Inc. at signing; and
- $25,000 will be paid to Exploration JF Inc. at the anniversary date of the agreement.

A 2% NSR will be granted to the vendors as well as a zone of influence covering the 2 NTS sheets where the project is located.

Pursuant to the agreement, on February 6, 2020, the Company issued 5,000,000 shares at a price of $0.07 per share to the vendors, including 2,000,000 shares to Exploration JF Inc. in a 2 years escrow period; and 3,000,000 shares to Frank Dumas in a 60 months escrow period.

The Company's exploration team planned a pre-drilling surface campaign to obtain permitting to intervene on-site in mid-summer. At the same time, the management of the Company is having early-stage discussions with potential farm-in or earn-in partners to advance the project at a faster pace.

In July 2020, around six metric tons of materiel from the Julie surface DTH drilling campaign has been shipped to the metallurgical partnering laboratories. The material will be used as feed for the current nickel green-processing technology development. The Company received confirmation that a governmental grant was to be assigned to this initiative, which is conducted in conjunction with the Company's Ferro-Nickel industrial partner. The process is developed by the Company's subsidiary St-Georges Metallurgy Inc. the Samples from the shallow DTH drilling are being prepared and will be couriered to an independent laboratory for chemical assays in October 2020. The current turnaround time is approximately six weeks for results. The non-intrusive work is planned as further mapping and 3D down hole geophysics should be underway before autumn. The Company is currently preparing a complete presentation for its Québec North Shore projects in order to renew its partnership with the First Nation of Pessamit on whose ancestral land the projects are located. Management is looking at a first deep drilling campaign for 3 to 5 holes to support the downhole geophysics in the weeks following the end of the moose hunting season.

Manicouagan Palladium Project

On August 13, 2020, the Company announced that it was able to secure two mining claims from two arms-length vendors, which are strategically located within the boundaries of the Manicouagan Palladium Project of the Company. One of these claims is the site of one of the historical exploration camps.

The terms of the acquisition are:

(1) Issue 600,000 common shares of the Company and a payment of $10,000 within 30 days of the approval of the transaction; (done) and

(2) A payment of $10,000 at the 6-month anniversary of the first payment; and

(3) A payment of an estimated additional of $25,000 that has to be subscribed in the next financing of the Company, and allow an estimated 250,000 shares and 250,000 warrants at the price established by the Company in its offering;

(4) The agreement also calls for the signing of an NSR agreement within 30 days following the acquisition. The NSR covering these claims will be set at 1.5%, of which 1% can be bought back for $2,225,000 at any time at the Company's discretion. The NSR agreement will have to include an option in favor of the buyer to buy-back 0.5% of this royalty for $750,000 and a subsequent 0.5% of the remaining NSR royalty for $1,500,000.

The two mineral claims will be transferred from the vendors to the Company within 10 days of completion of (1), (2) and (3).

Iceland Resources EHF / St-Georges Iceland Ltd.

Iceland Resources EHF is an Icelandic corporation with gold/silver/copper/cobalt/zinc projects in Iceland. Amongst its projects are the 100% owned Reykjanes developmental project just south of the capital Reykjavik and encompassing the town of Keflavik and the gold project of Thormodsdalur located approximately 10km east of the city limits of the capital Reykjavik.

Iceland is an important producer and developer of geothermal energy. St-Georges' management has been active over the last few years in Iceland with the goal of securing access to geothermal operations to test the development of technologies allowing the extraction of lithium and light minerals from the brines being pumped from the geothermal wells and for the extraction of a large variety of precious and base metals found in the mud rejected from the same operations.

On August 13, 2020, Iceland appointed Ms. Thordis Björk Sigurbjornsdottir as the new Chief Executive Officer. She is tased with handling the major gold exploration and drilling campaigns currently being deployed in the country. Ms. Sigurbjornsdottir holds an MBA from the University of Iceland and has over 20 years of experience in various managerial and executive positions within the country. She previously occupied a managerial position with Air Iceland. Her role with Iceland will mostly be to handle governmental relations, media interactions, and coordinate the different campaigns from an administrative angle.

On October 11, 2018, the Company executed a share purchase and subscription agreement with Spá EHF and Íslensk Vatnsorka EHF to acquire the 15% interest in the 10-20 MW hydro power plant located just south of Langjokull in Iceland.

During the year ended December 31, 2019, the Company was informed by management of Iceland hydro that its exclusive licenses have been extended for a further 5 years by the energy licensing authority in Iceland. The environmental impact assessment and permitting process is advancing positively. Íslensk Vatnsorka expects a positive outcome in the latter part of 2020 for its permit to start construction. The Company has engaged in discussions with specialized funds that have expressed interest in purchasing the Company's stake in Íslensk Vatnsorka.

In March 2019, the Company via its wholly owned subsidiary, St-Georges Iceland Ltd owns 100% of Iceland Resources EHF. The Company has presented portions of its exploration plans to the relevant Icelandic authorities. The Following projects are being identified as priorities:

- The Thormodsdalur (Thor) Gold Mine is located about 20km east of the city center of Reykjavik and south-east of the lake Hafravatn.

  Studies between 2005 and 2013 identified the project mineralization as a low sulphidation system containing banded chalcedony and ginguro. Petrographic analysis of the vein material identified gold occurring in its free form and as part of an assemblage with pyrite and chalcopyrite. Petrographic and XRD studies show an evolution of the vein system from the zeolite assemblage to quartz adularia and lastly to minor calcite. 32 holes have been drilled within the licence area, for a total of 2,439 meters. Gold values vary from less than 0.5 g/t to a maximum of 415 g/t. (These values were obtained from selected random intervals and cannot be construed to be representative of any particular thickness or overall length.) The best intercepts from the diamond drilling are 33.5m of 8.0 g/t Au (true thickness) and 5.2m of 35.4 g/t Au (true thickness).

- The Tröllaskagi (Troll) Gold Project covers an area of 1,018 km^2 in northern Iceland near the town of Akureyri.

  Tröllaskagi is located in an underexplored area mapped with a felsic central volcano. In 2006, the previous holder of the mineral exploration right, Melmi, undertook a program of stream sediment sampling in most of the major valleys using roads, paths and trekking trails for access. Rock samples were also collected where alteration was encountered.

- The Vopnafjorður (Vopna) Gold Project covers 598.5 km^2 located to the northeastern corner of Iceland and is accessible by highway. The Core of the licenses area can be reached by paved and gravel roads.

Vein sampling carried out previously has highlighted a number of veins with gold enrichment. The surface vein mineralization found at the Haugsá showing produced sample analyses with grades up to 447ppb of Gold (0.447 g/t) with 90% of the samples returning Gold values above 10ppb (0.01 g/t).

The Company intends to drill up to 3,000 meters at the Thormodsdalur (Thor) Gold Mine. This will include the twin-drilling of certain historical drill holes and will add infill holes in the identified gold trend with strikes some 700 meters at surface. The objective will be to gather enough data to allow the establishment of a maiden NI 43-101 resource estimate. The Company also intends to map the Tröllaskagi (Troll) Gold Project and Vopnafjorður (Vopna) Gold Project on foot and by drone.

On August 21, 2019, its exploration plans were approved by the Icelandic authorities. The Company engaged its team to start work in Iceland as soon as work in eastern Quebec has been completed. The fieldwork commenced in mid-September and through the year 2019.

On May 5, 2020, the Company received the permits, and thus, the green light for its 2020 seasonal work programs for the Vopnafjörður and Tröllaskagi gold and polymetallic licenses in Iceland. And the Icelandic mineral licensing authority, Orkustofnun, approved the work programs submitted on March 31, 2020 by the Company.

In July 2020, Iceland retained the services of Dr. Helen Salmon to lead the Icelandic exploration team. Dr. Salmon has Ph.D. in Geology from London University. She's been a senior geologist with several exploration companies, and she is an experienced field geologist. She has managed many drilling programs and has extensive knowledge of Iceland geology.

In August 2020, the Company released the initial fire assays results from the preliminary surface exploration campaign conducted on the Thor in order to prepare the shallow drilling campaign. The Company's exploration team lead by Dr. Hellen Salmon and supported by Herb Duerr and lead field geologist Gary McLearn collected grab samples from the dry riverbed on both sides of the river running to the west of the historical work areas. A total of eight samples were cut from the outcrops. The samples were transported in secure bags directly from the site to Iceland Resources' secured warehouse facilities in Reykjavik. From there, two Q/C blank samples were added to the other eight samples and the batch traveled by plane to ALS Global Laboratories (ISO/IEC 17025 accredited) in Loughrea, Ireland. All samples were tested using four acid trace analysis (ME-ICP61). Samples that yielded precious metals content in excess of 10 ppm were analyzed a second time via gravity separation and fire assay finish. All grab samples have shown the presence of gold with assays results ranging from 0.001 g/t to 37.4 g/t.

Three of the grab samples located between 50 and 150 meters of the historical workings are deemed significant enough to warrant some adjustment to the previously planned shallow drilling grid for this summer's campaign. These grab samples yielded the following results:

	Silver g/t	Copper %	Gold g/t	Lead
Sample 003	5.9	0.015	11.75	Not significant
Sample 007	0.6	0.014	2.47	Not significant
Sample 008	69.3	0.216	37.4	4.37%

The Company is finalizing the logistical planning to have a shallow drilling rig operating on two targets sites for gold exploration. The plan is to drill up to 1,000 meters or up to 25 new shallow holes on the Thor Gold project and prepare drill holes from the latest campaign to undergo down-hole geophysical while diamond drilling logistical paperwork is being finalized. A resulting 3D model will be used to establish an improved grid for a more significant phase I diamond drilling campaign to start in late summer with up 15,000 meters of core expected.

In September 2020, the Company completed its first reverse circulation drill hole at the Thor project. The hole was positioned to test a previous surface sample that assayed 37.4 g/t gold and 69.3 g/t silver. The hole was successfully ended at 124 meters. The drill rig cased the hole to 2 meters depth encountering approximately 1.5 meters of overburden at the surface. The mineralization encountered is compatible with the type often favorable for gold on the Thor project consisting of quartz veining adjacent to basalt with apparent abundant pyrite and accessory sulphides. Visible gold and silver may have been identified in the field by the Company's field geologist. These sections are still being logged and sampled and prepared to be sent to the laboratory.

Because of high grades in past mining and the presence of visible gold in past work, the management decided to sample the hole on 30 cm intervals and do a standard 50 assay ton fire assay with atomic absorption finish for both gold and silver. Any samples assaying over 0.8 g/t gold will be automatically reassayed. If the samples are inconsistent, the lab will be instructed to do metal screening for particulate gold on reject material. The Company had completed the logging of all the material recuperated by the end of September 2020.

In October 2020, reconnaissance and follow-up field work was conducted in Vopnafjorður (Vopna) Gold Project and Tröllaskagi (Troll) Gold project. Mineralization bearing outcrops were identified and sampled and brought to the Company's secure facilities in Reykjavik for petrographic analysis. Over 415 samples, blank samples and duplicates for quality control were sent for assays to ALS Laboratories in Dublin, Ireland. The results of these assays will become available later this year, and the Company expects to report on it as soon as the information becomes available.

On June 29, 2020, the Company signed a binding letter of intent its proposal to acquire all of the issued and outstanding shares of Melmi ehf (“Melmi”), which owns a 100% interest in the Thor Gold Property. The Company only has a 41% farm-in option. The Company is prepared to complete its due diligence review and commence negotiations towards a definitive share purchase agreement in respect of the proposed transaction.

Under the terms of the binding letter of intent, the Company will pay up to $775,000 in consideration of the Melmi shares as follows:

- Pay $65,000 upon the execution of the definitive share purchase agreement (“Definitive Agreement”);
- Pay an additional $60,000 on the earlier of: (a) 90 days of execution of the Definitive Agreement; and (b) the start of drilling on the Thor Property;
- Issued $400,000 of non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years for issuance, of $100,000 will be convertible into common shares of the Company at a deemed price of $0.10 per share, $150,000 at a deemed price of $0.15 per share, and $150,000 at a deemed price of $0.20per share; (issued on October 23, 2020)
- As additional consideration, subject to and upon all the licenses application having been granted, issue $250,000 non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years form issuance, and convertible into shares of the Company at a deemed price of $0.20 per share. (issued on October 23, 2020)

On October 23, 2020, the Company has completed the acquisition of Melmi ehf, the Icelandic corporation that owned the majority interest in the Thor Gold Project and the remainder or the Icelandic mineral licenses not already controlled by the Company. The acquisition gives total control over the mineral licenses of the Republic of Iceland to the Company, making it the only junior exploration company to own all the mineral rights of a western country. All the diamond drill cores from the Thor Gold Project are now in the Company’s ownership and possession. The Company expects to be able to resample these cores in the process of elaboration its maiden NI 43-101 Gold-Silver and Copper resource estimate on the Thor Gold Project.

On October 23, 2020, Iceland entered into a Securities Purchase Agreement with Melmi ehf to acquire 100% issued share capital of Melmi ehf, whereby Melmi ehf becomes a wholly owned subsidiary of Iceland.

On November 23, 2020, the Company disclosed the results of the reverse circulation research hole TRC 20-01 authorized prior to the acquisition of Melmi ehf.

The 124m hole intersected a broad zone of low grade disseminated mineralization near surface. At depth of 41.5m the team intersected and confirmed with preliminary assays the existence of a thick interval that contained gold mineralization averaging 0.24 g/t over 80 meters with gold grades ranging from 0.01g/t up to 6.21 g/t. Within that zone a section of 9.9 meters averaged 0.7 g/t gold starting at 55 meters depth and included 2.1 meters of 1.67 g/t gold. A separate zone assayed 6.21 g/t over 0.3 meters at a depth of 98 meters.

The Company is in the process of renting new facilities that will allow a streamlined sampling process. As soon as the installation is ready, all samples on 30cm intervals will be reclogged and certain sample will be reanalyzed for gold and trace elements by independent laboratories in Dublin Ireland. Duplicate samples are a necessary protocol when gold values exceed one g/t gold in a known low sulfidation vein system with historic high-grade gold values. Trace element geochemistry may further assist in vectoring in on the better parts of the system. The Company expects to conduct the next hole at an angle of 85º from the same location to confirm its hypothesis.

Based on the results from this recent hole, the Company geological team believes that a strong hydrothermal system is mineralized with gold over apparent broad widths currently more than 700 meters of strike.

Lithium Extraction Technologies

On December 7, 2017, the Company announced that it had entered into a final agreement to deploy its proprietary lithium extraction suite of technologies.

St-Georges and Iconic Minerals Ltd (TSX-V: ICM) ("Iconic") entered into a definitive exclusive technology licensing agreement for all sites to be operated by Iconic and/or its affiliates in the state of Nevada.

In return for a perpetual license for the technologies and its future improvements, Iconic will pay to St-Georges:

- Invest by way of private placement CAD $100,000 in St-Georges equity within 6 months; (Iconic executed its option to invest $100,000 in the private placement closed on January 14, 2019.)

- Issue in total 5 million common shares (the "Shares") of Iconic to be released in stages, based on benchmarks reached. The performance schedule outlining the stages of each development phase where Shares will be issued according to the schedule below:

    - 2,000,000 shares at Stage 1 Benchmark completion: which is defined by the delivery of an independent laboratory report currently commissioned to Dundee Sustainable Technologies by St-Georges; (received on August 29, 2019)

    - 1,500,000 shares at Stage 2 Benchmark completion: which is defined by independent report describing results of initial pilot mining operations and the processing of a minimum of one (1) metric ton in a simulated industrial environment; and

    - 1,500,000 shares at Stage 3 Benchmark completion: which is defined by the reception of a Preliminary Economical Assessment Report (PEA) or at commercialization decision or the third (3rd) year anniversary mark of this agreement assuming other issuance have all been done.

    The Shares St-Georges earns in each stage will be escrowed for the duration of 36 months.

A perpetual Net Revenue Interest Royalty (NRI) of 5% on all minerals produced on sites licensed with the Company's technologies.

In September 2018, the Company received bulk material from Iconic Bonnie Claire lithium project. The Company metallurgical work has already determined that the bulk of the lithium is located in the super fine particles allowing to separate the agglomerated fines with a mechanical process prior to passing it through its process, improving potentially the percentage of recovery of the Li and reducing significantly the overall mineral material being processed.

In October 2018, the Company's metallurgists have successfully separated all particles under 5 microns where the most of the lithium resides. Crystalline evaluation is currently being performed.

In December 2018, successful selective leaching to remove Magnesium Oxide (MgO) and Calcium Oxide (CaO) was achieved. This allows the potential recovery of High Purity MgO and eliminates the need for membranes and other purification steps required to make high purity lithium that can be used to make lithium carbonate, lithium hydroxide and /or lithium metal. Approximately 100kg of Bonnie Claire material was used in the current test phase. Five independent laboratories participated in the effort. The initial mechanical separation step was tested with an equipment vendor in Pennsylvania. The results show that 55% of the mass can be removed while concentrating the lithium without the use of water and chemicals.

The Company's metallurgists have tested many different acids, and sequenced them to optimize the purification process and selectively leach elements to optimize byproduct credits. Additional tests had improved the outlook on the recovery grade. Stage 2 selective leach processing has eliminated 70% of the material contained in the pregnant portion of the initial material. The Company found 100% of the initial lithium in solution post-leaching. The subsequent solution now represents between 12 to 15% of the initial material. The Company is currently working on improving the leaching selectivity within its phase 2 development efforts. Phase 3 testing will focus on purifying the lithium to reach lithium hydroxide commercial quality.

The Company filed this provisional patent under the title “Method of Mineral Recovery” in regards to the lithium-from-clay extraction technology in January 2019.

On March 31, 2019, the Company announced that it has achieved complete and total recovery in leach of lithium from the bulk material provided by its partner Iconic originating from their Bonnie Claire Lithium project in Nevada.

The Company’s patent pending leaching technology achieved 100% leaching of lithium while not affecting the majority of the solids. 88% of the initial feed material is unleashed which helps with chemicals consumption and tailings disposal.

The patent pending mix of nitric and citric acids being used do not require high temperature and high pressure and no calcinations is required. The objectives of the technology development were simply to have the lowest chemical cost impact.

The impacts on the Bonnie Claire Deposit of the first phase of the process that includes classification, concentration and leaching at atmospheric pressure and low temperature has shown an average concentration gain from 963 ppm Li to 8,025 ppm Li, or a gain of 8,333 percent.

The Company is currently testing different calibration and improving on its selective leaching in order to target only the recuperation in the leach of the lithium and magnesium and achieve better grades in the leach.

In addition to the lithium, the selective leaching collects mainly the salt family elements such as Sodium (Na), Magnesium (Mg), Calcium (Ca) and items like carbonates. The Company believe that this could lead to –possible development of fertilizer by-products in the nitrate family that would potentially positively impact the economics of the Bonnie Claire Project.

SGS Lakefield Laboratory (“SGS”) performed an elemental analysis and crystalline analysis of the material that was received. The results indicated that the lithium was in a spodumene ($LiAISi_2Q_6$) crystal form, and no chlorides were present. This suggests that the lithium is not the residue of brines from a land-locked salt lake.

SGS was then approached for characterization and preliminary leaching trials to better determine the strategy for development and approach going forward, and to get a second option on the crystalline form of the lithium. An independent characterization report made by SGS is in Appendix A of the Phase I report was delivered to Iconic.

On July 24, 2019, the Company received the Independent Review of the Stage 1 report name” Bonnie Claire Metallurgical Evaluation and Process Development”, and the report was delivered to Iconic. The delivery of the current Independent Review Report constituted the conclusion of the Stage 1 Benchmark, and on August 29, 2019, Iconic issued 2,000,000 common shares to the Company with a fair value of $118,293. The shares will remain in escrow for three years.

During the year ended December 31, 2019, Iconic executed its option to invest $100,000 into shares of the Company at a price of $0.10 per share in a private placement.

Iconic is expected to send additional material shortly following gits drilling campaign on Bonnie Claire later this summer. The Company continues to advance the work to complete Stages 2 and 3 of the agreement, and work towards developing its technology with solids (clay and hard rock). Applying the leaching and purification strategy from clay to hard rock resources is on-going.

St-Georges Lithium Recovery for Clays and Hard Rock Technology

SX technology process lithium bearing material in three (3) phases:

1. Concentrates the lithium bearing material.
2. Converts the lithium to a salt and purifies it through lithium selection. The process involves gasification to activate the lithium and selectively removing the lithium salt from the other elements with the usage of a proprietary technique, which will be kept confidential at this stage.

3. It involves purification and direct production of lithium carbonate or lithium hydroxide and can be linked to a lithium metal production.

On August 8, 2018, the Company announced that it has signed a binding term sheet with Hipo Resources Ltd. (“Hipo”), a public company based in Australia to provide research and development utilizing products, extraction methods and proprietary technology to develop Hipo’s Democratic Republic of Congo lithium project in separation, recovery, and purification of lithium from its lithium-bearing material. Once a definitive agreement has been entered into, Hipo will issue up to 27,000,000 common shares of its capital stock over a 36-month period to the Company. The performance benchmarks over the 36-month period according to the schedule below:

- 1,500,000 shares at signing.
- 8,500,000 shares at Stage 1 Benchmark completion: which is defined by the delivery of an independent laboratory report commissioned by the Company, indicating positive viable lithium recoveries.
- 8,500,000 shares at Stage 2 Benchmark completion: defined by independent report describing results of initial pilot mining operations and the processing of a minimum of one (1) metric ton in a simulated industrial environment.
- 8,500,000 shares at Stage 3 Benchmark completion: defined by the receipt of either: a Preliminary Economical Assessment Report (PEA); a commercialization decision; the third (3rd) year anniversary of this agreement assuming all other issuances have been made.

The Company has agreed that shares issued will be subject to a 36 months escrow period.

The Company will be entitled to a 5% Net Revenue Return Royalty from all metals and minerals extracted and sold using the extraction processing. As at September 30, 2020, no definitive agreement has been entered into.

The Company has successfully tested its leaching approach with spodumene and other clay formations of lithium without pressure, calcining and high temperatures. This development can be applied to any hard feed includes tailings, clay and hard rocks. The Company’s metallurgists are planning to initiate tests with lepidolite lithium material available from its LeRoyal project.

Pilot Plant

The Company’s management and the metallurgical team have worked on the design, the sourcing of equipment, and the financial aspects of its proposed pilot plant for the better part of the last six months in 2019. In an effort to lower the risk of the proposal, the team has initiated discussions with ready-built facilities with extra capacity. This could allow the Company to build its pilot plant’s processing circuit faster with only minor modifications to the ready-built facilities. Early estimates confirm that capital expenditure should only be a fraction of the original budgeted cost as the Company will be leasing the facilities long-term. The Company expects to have secure an agreement for the pilot plant facilities in 2020. The use of ready-built facilities will generate significant cost reductions and represent a faster alternative than the building of a pilot plant from scratch. The management of the Company evaluated different proposals from various potential providers that were intended to meet the Company’s requirements.

The main contractor retained tipped the balance in its favor with a wealth of experience and state-of-the-art, ready-built facilities that only required certain adjustments specific to the Company process. The team expects an adjustment period, and plant trial runs during the second and third quarter of 2020, subject to the COVID-19, the full pilot scale testing should be initiated in or around the beginning of the fourth quarter of 2020.

The Company is still awaiting delivery from South America of spodumene concentrate to feed the pilot plant process and some selected bench tests for the hard rock application of its patent-pending lithium processing technology.

In the first quarter 2020, most activities were halted or severely hindered by the containment and business closures due to the COVID-19 pandemic. The Company was able to retrieve 14 metric tonnes of Québec-originating lithium-bearing spodumene. The material was gathered in the vicinity of the Company’s LeRoyal in

Abitibi. Contractors of Metallurgy are in the process of preparing to ship the material to its partner laboratories involved in the pilot-plant. The material will be used to advance final filtration testing.

St-Georges Metallurgy Corp.

On February 27, 2020, the Company incorporated a new subsidiary, St-Georges Metallurgy Corp. ("St-Georges Metallurgy"). St-Georges Metallurgy is owned 100% by the Company, and handles all metallurgical research and development, laboratory partnerships, metallurgical joint ventures, and related intellectual property. The Company has secured the services of a veteran metallurgist, Mr. Ian J. Cox, to work on the projects with a focus on both lithium and nickel.

On July 9, 2020, St-Georges Metallurgy entered a pilot-plant service agreement with Carrefour innovation sur les matériaux de la MRC des Sources ("CIMMS"), a Quebec based, publicly funded laboratory. This agreement covers bench testing of different facts of the process development from leaching, purification, making products such as lithium carbonate, lithium hydroxide, by products such as fertilizer and determining the limitations of impurities in the process to size the bleed and buffer tanks between technology islands.

The agreement has an 18-month duration and can be extended. Initial payment of $30,000 was paid upon signing the agreement. St-Georges Metallurgy commits to spend minimum $120,000 within 18 months period. All tests must have been carried out within 18 months after commencement of work.

The agreement allows St-Georges Metallurgy to access to a lithium metallurgical processing pilot plant and start operations of the pilot plant as soon as current test work is completed. Current tests focus on the scalability of battery-grade purity material production. The Company and its partners are currently planning additional efforts aimed at the production of lithium metals for the new generation of solid-state batteries.

CIMMS contracted infrastructure and resources allow St-Georges Metallurgy to scale up instantly without the lag time usually experienced when research teams integrate new members and train on new equipment. CIMMS also contributes immediately to the Company's bank of resources and expertise by making available experienced and highly respected lithium metallurgy researcher.

Kings of the North Corp. ("KOTN")

During the year ended December 31, 2017, the Company established a wholly-owned subsidiary, Kings of the North ("KOTN"), to facilitate mining transactions in Canada.

On November 14, 2017, the Company reported that KOTN planned to "farm-in" the Hemlo North Gold Project.

KOTN entered into a Letter of Intent ("LOI") with Canadian Orebodies (TSX-V: CORE, "CORE") in order to option or "farm-in" CORE's Hemlo North Project. Hemlo North is located approximately 17 km northeast of the Hemlo gold mine in the Ontario's Marathon district. It covers approximately 6,800 hectares. A highway bisects the project providing good access to much of the property. A recent NI 43-101 Technical Report was completed in December, 2016.

Winter House Option

On November 20, 2017, the Company announced that KOTN entered into an option agreement to acquire a 87% interest in the Winter House project.

In consideration for the 87% interest in the Property, KOTN will issue an aggregate of 5,600,000 Shares, assume $125,000 in current and on-going exploration expenses and grant a 3.5% net smelter return royalty on the Property.

In June 2018, KOTN issued 2,000,000 shares towards the acquisition of the Winter House project.

The Winter House Project consists of 63 map-designated cells covering a surface area of 3,290 hectares (approximately 33 sq. km) and is located approximately 95 kilometres west of the town of Fermont, on the Quebec North Shore.

The Winter House project is part of the Superior geological province and is mainly composed of volcano-sedimentary rock assemblages of the Courcy and Soulard formations in contact with tonalites of the eastern Opatica Subprovince. Winter House is adjacent to the eastern border of Stelmine Canada's Courcy project, which exposed gold mineralized zones, grading up to 24.8 g/t Au in grab samples (see Stelmine Canada PR dated October 17 of 2017) and up to 167 g/t Au over 0.5 metres in channel samples and up to 4.27 g/t Au over 42 m, including 12.15 g/t Au over 13.5 m in drill samples (Source SIGEOM: GM61872 and GM 62834).

Sale of Kings of the North Corp.

On May 29, 2019, the Company and the minority shareholders of KOTN entered into a share purchase agreement with BWA Group PLC ("BWA"), which listed on the London NEX Exchange in the United Kingdom and incorporated under the laws of England and Wales. Pursuant to the agreement, BWA acquired of all the issued and outstanding shares of KOTN for an aggregate consideration of $7,500,000 or approximately £4,400,000 unsecured, convertible interest-free loan notes ("Notes") with an initial repayment date three years after issue at a minimum price of £0.005 per share at the time of conversion.

On September 30, 2019, BWA's shareholders approved the acquisition of KOTN, the Company received £2,451,409 of convertible loan notes with a fair value of $2,698,575 on the completion of the sale and recognized a gain on the disposal of $1,445,974. The BWA convertible debenture is unsecured, interest-free with an initial repayment date of 3 years from its issuance, and convertible into share of BWA at a minimum price of £0.005 per share at the time of conversion or the VWAP of the 10 consecutive trading days preceding conversion. The conversion option is limited to 29% of the voting rights at the conversion date.

On October 31, 2019, the Company converted £300,000 of the convertible debenture investment into 60,000,000 ordinary shares of BWA. On initial recognition, the Company determined the fair value of the shares to be $459,443. As a result of the conversion, the Company obtained significant influence over BWA due to its percentage ownership of 22%, and accordingly, equity method accounting was applied from October 31, 2019 forward. From October 31, 2019 to December 31, 2019, the Company recognized its share of BWA's net loss of $56,992 in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2019. As at December 31, 2019, the carrying value of the Company's equity accounted investment in BWA is $402,451. During the year ended December 31, 2019, the Company recognized a loss on the change in fair value of the convertible debenture investment of $25,568. As at December 31, 2019, the remaining principal amount of the convertible debenture investment is £2,151,409 and the fair value is $2,213,564.

KOTN invested $300,000 into shares of the Company at a price of $0.10 per share in a private placement closed on November 29, 2019.

As at September 30, 2020, the carrying value of the Company's equity accounted investment in BWA is $145,103. The Company recognized its share of BWA's net loss of $257,348 during the period ended September 30, 2020.

On August 21, 2020, the Company announced it has entered into a conditional binding agreement with BWA to reacquire all the outstanding shares of King of the North, which was sold by the Company to BWA in September 2019.

At the time of the transaction in 2019, the Company held 50.18% of KOTN. The proposed transaction with BWA and subsequently with the third-party arm-length other holders of the BWA securities will make the Company 100% owners of KOTN, that will be, once again, a wholly-owned subsidiary.

Primarily arising from the impact of the COVID-19 restrictions, it has proved impossible to manage and effectively develop the investment in KOTN from the UK. As a result, it has been agreed between the parties that the Company and the related parties to the original transaction will acquire the BW's 100 percent interest in KOTN by means of the cancellation of unconverted elements of the Convertible Unsecured Loan Notes issued as the original purchase consideration, amounting to a total of £4.3 million, of which £2,281,580 is coming from the Company. In addition, the Company will issue 1,500,000 common shares in favor of BWA. These shares will be subject to a standard 4 months regulatory hold. After closing the transaction, the Company is expected to retain its equity interest in BWA, amounting to approximately 21%.

The transaction is conditional to the Company and BWA's ability to enter into a separate agreement with the related third parties that were part of the 2019 transaction. The Company expects to close this transaction in the fourth quarter 2020, but no guarantee can be given that the third parties will accept the offer from BWA that is the prerequisite for the transaction to occur.

The transaction completed by BWA include projects owned by KOTN, which carried certain royalties and maintenance and exploration obligations. In parallel, other options were entered into by KOTN under BWA's leadership and ownership. One of these options was for the Villebon Palladium Projects own by the Company in Abitibi. The option required a defined exploration grogram and significant exploration expenses to be engaged in order to trigger the option. BWA/KOTN never activated the option. The Company now remains the majority owner of the project with its minority equity partners, Fancamp and Sheridan Platinum Inc. (TSX-V: FNC).

The Company has negotiated with the different vendors and optioners of the Canadian projects included or assigned to KOTN on behalf of BWA. The majority of the third parties have recently agreed, in principle, to a renewed agreement in prevision and on the condition of the acquisition of KOTN by the Company. The total absence of exploration work, payment of renewal costs, and consequently, the loss of some of the optioned claims have made the negotiations difficult. The Company management cannot, at this point, in time project the outcome of the transaction. In collaboration with its legal advisor, the Company has been looking at potential contingency plans to salvage its investments, its equity in the projects, and the possible consequences created by this situation.

As at September 30, 2020, the remaining principal amount of the convertible debenture investment is £2,151,409 and the fair value is $2,585,446. The Company recognized a gain on the change in fair value of the convertible debenture of $371,882 during the period ended September 30, 2020.

Borealis Derivatives DEX ehf

The Company's wholly owned subsidiary Borealis Derivatives DEX ehf., which is a Decentralized, Distributed, Digital Derivative marketplace. The pseudo-coding phase of the Marketplace's platform has been initiated with the initial effort focused on the asset-spent back-stopped token. ZeU monitored and learned from the HODLdex initiative, allowing for important paradigm changes in the conception of the marketplace. The roll-out of the marketplace commodity token should occur in the late summer in 2020. Borealis currently makes up the largest part of ZeU revenues.

Platform conception and design is completed. The development is now moving into the phase of multiple stable staking tokens to constitute the baseline of the decentralized exchange (DEX). A EOS staking token should be finalized within a few weeks as well as the conception of a Universal Value Index Staking Stable Token which potentially completed with a DeFi partner that will be used as derivative basket reference to mint future contracts and derivative products. The gathering of interest for decentralized finance or DeFi has allow Borealis to connect with communities will allow the growth Borealis ecosystem. A significant change with one DAO provider has forced ZeU's development team to develop additional components in-house, pushing the expected prototype roll-out date to the beginning of the fourth quarter in 2020. The DAO component should entice additional development firms to join ZeU ecosystem.

ZeU Technologies Inc. (formerly ZeU Crypto Networks Inc.) – Blockchain Technology

On January 14, 2018, the Company assigned its blockchain and smart contract technology license agreement with Qingdao Tiande Technologies Limited ("Tiande") and cash of $496,195 to ZeU in consideration of 20,000,000 common shares and the assumption of the royalty obligations.

Under the terms of the License, Tiande has granted ZeU an exclusive license to use Tiande's proprietary technologies, patents and know-how to develop and commercialize novel mineral commodity production chain control, tracking and trading exchanges. In consideration for the rights granted under the License, ZeU shall pay to Tiande a royalty of 8% of the gross revenues derived from the Licensee.

On December 21, 2018, ZeU entered into an agreement with Prego International Group AS ("Prego") to develop and integrate certain proprietary technologies in a Global Multi Payment and E-Money Services Platform ("Services").

Under the agreement, ZeU and Prego will share equally the costs of the Services as follows:

- Phase 1 –preface: Innovation lab: US$675,000, including the setup cost and license fees of the full platform;
- Phase 2 –pilot operational: US$750,000, including full system integration with “POC” testing and user testing with stress test of the platform in 60 days with a complete report; and
- Phase 3-project launched and running (upscale/internationalization), including a full platform, service ready to go, for implementation in multiple global markets.

ZeU was waiting upon Prego’s financing initiatives before moving into the phases.

On September 28, 2020, ZeU entered into an arm’s length binding letter of intent with Prego and its majority shareholder to acquire all of Prego’s outstanding securities. Prego is currently debt-free and it has posted a profit in the last eight quarters. Management is expecting to improve significantly on these results over the next 18 months.

ZeU will acquire 100% of issued and outstanding securities of Prego, though a wholly owned subsidiary for consideration of:

- $8,125,000 paid as
  a. $7,500,000 in the form of unsecured convertible debentures issued by the subsidiary of ZeU to be created; and
  b. $625,000 through the issuance of 2,500,000 common shares of ZeU at a deemed price of $0.25 per share.

- The issuance of 7,500,000 non-transferable share purchase warrants of ZeU, each entitling the holder to acquire on common share of ZeU at a price of $0.60 per share for a period of 24 months from the closing of the transaction.

  The principal amount of the convertible debentures will bear interest at a rate of 6% per annum from and including their date of issue until the earlier of their date of conversion and the date which is 48 months from the closing date, and will be redeemable at any time until the maturity date.

  The principal amount of the convertible debentures together with the accrued interests will automatically convert into common shares of the subsidiary of ZeU on the earlier of (i) the maturity date; and (ii) a liquidity event, at a conversion price equal to the higher of (a) $1.00; and (b) the last financing price of the subsidiary of ZeU.

  The convertible debentures holders will also have the option at any time after the closing date and prior to the earlier of (i) the maturity date; and(ii) a liquidity event, to convert all of the principal amount together with accrued interest into common shares of ZeU at a price equal to the higher of (a)$1.00; and (b) the 5 days VWAP of shares of ZeU.

The shares of ZeU issued pursuant to the transaction, and upon any conversion triggered by the holders of the convertible debentures will be subject to a voluntary resale restriction of one year form the closing date, or the date of conversion, respectively.

The subsidiary will be owned 100% by ZeU at creation with 2,500,000 shares outstanding.

The transaction completion is conditional on several provisions, including completion of a definitive agreement, final due diligence, Prego minority shareholders’ approval and other regulator review. A finder’s fee in connection to the transaction may be paid.

On February 4, 2019, ZeU executed an asset purchase agreement with VN3T Technologies Inc. and its subsidiaries, collectively “VN3T”, an arm’s length party to acquire the key IP of VN3T’s decentralized data market place platform and secured development services.

Under the agreement, ZeU paid $150,000 to VN3T for the IP by the issuance of a debenture of ZeU maturing 2 years from its issuance and convertible into common shares of ZeU at a price equal to the 5-day volume weighted average price ("VWAP") of the shares on the CSE, subject to a minimum of $1.85. ZeU agreed to retain the services of the VN3T for a gross amount of $60,000 to assist with the development of certain aspects of the IP.

Under the agreement, VN3T also granted ZeU an exclusive option to acquire the additional assets for purchase price of $25,000, which would be satisfied by the issuance of a $25,000 debenture under the same terms and conditions. As at September 30, 2020, $220,000 was expensed in research and development as the technological feasibility has not yet been achieved.

On March 8, 2019, ZeU agreed to provide its patent pending Blockchain Random Number Generator and other related blockchain technologies to St. James House PLC ("St. James"), a UK licensed gaming operator, by the way of joint-venture for the establishment of a blockchain lottery. The agreement calls for the establishment of a new lottery joint-venture with its main license in Malta. The Lottery Joint-Venture ("Lottery JV") will combine St. James' expertise in regulated lottery management and administration with ZeU's innovative blockchain based technology. St. James' who will act as the lottery operator and hold a 45% equity interest in the Lottery JV, and ZeU will hold 19.9%, St-Georges will hold 19.9% and the balance with independent investors. All technology operating costs of the Lottery JV will be met by ZeU, and in return ZeU will charge a service fee that will not exceed 90% of the revenues from the Lottery JV. Profits generated by the Lottery JV will be distributed as a dividend to the shareholders

Additional consideration, in excess of the 19.9% of the net profits that ZeU will receive and the revenues generated for the technology usage, ZeU will receive from St. James 'new UK subsidiary, LottoCo, 100,000 non-voting, zero-coupon redeemable preferred shares with a par value of 2 pence (the "Preferred Shares"). The Preferred Shares will be redeemable in 21 years with the redemption price to be fixed within 3 months after the issuance of the audited financial statements of the Lottery JV for the second year of operations and will be based on an independent valuation report. At the discretion of ZeU, the Preferred Shares may be exchanged on the basis of one Preferred Share for two ordinary shares of 1 pence each in St. James ("Ordinary Shares"), with notice to be given one day before the Preferred Shares are due to be redeemed in 21 years, i.e. a maximum of 200,000 Ordinary Shares may be issued.

On August 2, 2019, ZeU and St. James House executed a long form agreement for the creation of a Maltese Joint-Venture corporation that will manage the operation of a blockchain-based lottery operated by St. James and developed and maintained by ZeU. As at September 30, 2020, the Lottery JV remains inactive and did not incur any expenses or make any payments, but is expected to commence in the winter of 2020.

On May 28, 2019, ZeU signed a binding term sheet with Star Epigone Capital Ltd. ("Star Epigone") of the British Virgin Islands to provide a license for ZeU's Random Number Generator to be used by Star Epigone in its online gaming product offering. The final agreement is subject to regulatory approval.

On May 27, 2019, ZeU entered into a binding term sheet to acquire 2,100,000 first rank preferred shares, non-voting, of vSekur Network Ltd. ("vSekur"). The shares have a redemption value of $1.00 and bear a 6% annual interest. The preferred shares can be converted into common shares of vSekur at the current value of $1 each, or at the last equity raise price. ZeU will have the right to maintain its equity position with a right of first refusal in all future financing efforts of vSekur. If converted into common shares, this would represent more than 21% of vSekur's outstanding common shares. The binding term sheet also states that ZeU will enter into an exclusive partnership agreement in order to provide cybersecurity solution services in the blockchain market. ZeU plans to subcontract the security component of its healthcare data SaaS solution representing an initial estimate of approximately $1,500,000 over the next two years. ZeU and vSekur estimate the initial 6 months design costs to be a minimum of $120,000 to which ZeU will contribute $60,000. ZeU will contribute an additional $640,000 in the following 2 years. As at September 30, 2020, ZeU has expensed $280,000 for this project.

Under the agreement ZeU will issue to vSekur 215,325 convertible debenture units with a minimum floor conversion of $3.25 per unit for a one-year period. As at September 30, 2020, this transaction is being renegotiated.

On November 5, 2019, ZeU has also executed a joint venture agreement with Kamari Limited ("Kamari") of Malta for the joint development and deployment of lotteries and gaming offering in Africa ("JV Co.").

Under the terms of the JV Co., both parties agreed to invest up to Euro 50,000, ZeU agreed among other things, to grant JV Co. a non-exclusive licence to its technologies in exchange for a 30% interest in JV Co., and Kamari agreed to provide JV Co. with support in accessing online lottery markets exchange for a 70% interest in JV Co. As at September 30, 2020, the JV Co. remains inactive and did not incur any expenses or make any payments

On January 14, 2020, ZeU's encryption team completed the testing of its new symmetric asynchronous generative encryption or SAGE, a ground-breaking post-quantum encryption algorithm. ZeU filed a provisional patent application with the US Patent Office titled "Symmetric Asynchronous Generative Encryption". The development of the algorithm was spearheaded by a joint team of shared resources between ZeU and vSekur. As a result of the joint effort, ZeU will issue a perpetual license to vSekur. The mechanics of the license and the mutual royalties are being negotiated.

The algorithm uses random number generation, currently ZeU's Patented RNG, a code, and an encryption key to ensure the security of data. Furthermore, the key mutates every time it is used, always keeping data ahead of decryption. In addition, it does all this without sacrificing performance.

On January 31, 2020, ZeU entered into a binding term sheet with Dalgo Inc., a New York AI Specialist & Data Trading Exchange Developer, that established the guidelines of a co-development, platform integration and licensed commercialization of its new symmetric asynchronous generative encryption or SAGE.

The binding term sheet executed with Dalgo Inc. calls for the signature of a series of long-form agreements within 45 days. Dalgo Inc. will be integrated into the stage 2 development of the MulaMail data trading platform and in the SaaS Patient HealthCare data auction module development. Dalgo Inc. will integrate ZeU's encryption technology into its own suite of solutions and will allocate resources to allow the tech to participate in the 2020 cycle of the US Federal Procurement Process including but not limited, to the DoD Procurement Cycle.

SAGE Protocol has passed through another layer of validation and optimization during the month of February 2020. While the effort is still ongoing, the joint team has significantly advanced development work and made some fundamental breakthroughs.

SAGE has become exponentially more performant and exponentially more complex. Consequently, it has become more difficult to break in order of magnitude. It is now possible to use SAGE with an unlimited number of layers and at the highest 64 or 128 bits encoding.

The new version. SAGE V2.0 will be coded and implemented as a high-level demonstrator in order to be tested by industry interested parties who made the request. Additional R&D is still on-going and it is expected that uses and application s of ZeU/Vsekur's new family of generative encryption should be portable to a vast array of applications.

ZeU will subscribe to 10% of the outstanding common shares of Dalgo Inc. By issuing $300,000, 3 –year, 10% convertible debenture with a conversion floor price of $1.00. The interest and capital can be repaid in shares at the discretion of ZeU. The securities issued will be under a regulatory hold period.

On February 23, 2020, ZeU presented the Mula plugin running on Microsoft Outlook. ZeU has launched the https://mulamail.io website and the beta test period for the Mula plugin in small cohorts started on February 29, 2020.

The Mula Platform was designed to make privacy technology approachable by embedding it in products people use in their daily lives. User data is firmly in the hands of the user to sell, donate, keep, or give away. The Mula Platform rolls out in phases with each module designed to work seamlessly with each other.

The phases are:

- Privacy phase launches with MulaNetwork, MulaMail, MulaMessage, and MulaWallet;
- Understanding phase contains MulaMicrofinance, MulaGraph, and MulaMeet;
- Ethical Marketing phase is MulaMarketplace;
- Exploration phase includes MulaBrowser, a smart blockchain browser focused on privacy, security and data ownership, and MulaCloud;
- Millennium phase looks toward the future and future development.

ZeU imposed restrictions on its beta program in March 2020, only 1,000 beta testers accepted into the program and obtained the premium version for free for life. Shareholders and stakeholders of the Mula program are still able to obtain an email under the same conditions as before. New subscribers are enrolled in the standard product offering.

On August 13, 2020, ZeU initiated the process to obtain a license to operate a financial institution in Malta. ZeU will integrate remittance and micro-lending, as well as creation Mula and ZeU-branded debit and credit cards to integrate with ZeU Crypto wallets and Mulamail accounts using ZeU's stable staking tokens. The first of the utility tokens is planned to launch in the fourth quarter of 2020 and will be based on the EOS network.

MulaMail beta testing has been halted momentarily. ZeU will have to roll back some development and redesign part of its core due to some unexpected legal issues. The current full version of the plat form initially expected to be deployed would be deemed illegal for distribution in the United Kingdom. This determination would probably be imitated in other FIVE Eyes (EVEY) countries, like Australia, New Zealand, Canada, and the United States.

The requirement to allow Lawful Interception (LI) forces ZeU to release the product in different versions. The new version, code-named MulaBlack, will be ready later this year; however, certain Mula modules will be restricted due to the intended client base. A version allowing live LI on the client-side, code-named MulaPurple, will be deployed in parallel. This version will be the new commercial Mula Premium application.

Data continues to be gathered on the usage and behavior related to the blockchain gambling games deployed on the EOS tesnet. No difficulties have been encountered; the test period should be completed in Early 2021. The development of a full suite of P2P casino games is currently underway. The design phase of a series of skill games is also ongoing with a potential gaming partner.

Discussions are underway with Kamari to establish a parallel staking contract to stabilize the KAM token and allow DeFi staking/lending capabilities within the Kamari Eco-System. This development is dependant on the progress made on Borealis DEX.

Development work started on a third product of the Mula suite (Encrypted video-conferencing and virtual office. Planning done for a BaaS connector for third-party developers). The Development resources planned to be moved to Borealis derivatives DEX EHF ("Borealis") production version of its DEX Decentralised Markets. Borealis is a Decentralized, Distributed, Digital Derivative Marketplace.

During the period ended September 30, 2020, the development of Borealis Derivative Marketplace has accelerated. The pseudo-coding phase of the Marketplace's platform has been initiated with the initial effort focused on the asset-spent back-stopped token. ZeU monitored and learned from the recent HODLdex initiative, allowing for important paradigm changes in the conception of the marketplace. The roll-out of the marketplace commodity token should occur in late summer. Borealis mandate currently makes up the largest part of revenue of the ZeU. As at September 30, 2020, ZeU recorded revenue of $208,000 from Borealis.

In May 2018, the Company signed an Arrangement Agreement("Arrangement") providing for the spin-out of ZeU with the intent of listing ZeU on the Canadian Securities Exchange ("CSE").

In July 2018, the Company obtained the final order of the Superior Count of Quebec approving the Arrangement with ZeU, and filed to obtain conditional approval from the CSE to list ZeU, the last required condition to complete the distribution of ZeU shares to the Company's shareholders of record on August 7, 2018. The Company's shareholders will receive approximately one share of ZeU, for every eight shares they own of the Company share.

On December 24, 2019, the CSE accepted the listing of the common shares of ZeU, and ZeU started trading on the CSE on December 30, 2019 under the symbol "ZEU". On the effective date, ZeU ceased to be a wholly-owned subsidiary of St-Georges. ZeU distribution of 11,098,074 shares of the 20,000,000 shares held by the Company to the Company' shareholders pursuant to the Arrangement. As at December 31, 2019, ZeU is holding 151,751 shares to be distributed to certain the Company's shareholders at a later date. As at December 31, 2019, the Company retained 8,750,175 shares of ZeU and control of ZeU. The carrying value of the non-controlling interest of ZeU at December 31, 2019 is $9,244,559, which included $6,038,532 capital contributions made by the others ZeU's shareholders and $3,206,027 related to the allocation of the equity accounts of ZeU attributable of the non-controlling interests. Since the Arrangement was completed on December 24, 2019, no comprehensive loss for the year was attributable to the non-controlling interests for the year ended December 31, 2019.

ZeU changed its name to ZeU Technologies Inc. to reflect its activities better on October 15, 2020. The name change was approved at the annual and special shareholders meeting on August 28, 2020.

On February 28, 2019, the Company also appointed Cassiopeia Services Ltd. as part of the Company's plan to raise its profile and grow its investor base. The Company pays £ 2,500 monthly starting March 8, 2019 and granted 100,000 common share options with an exercise price at the same price as its next management issuance of options. As at December 31, 2019, the contract has expired.

In April 2020, the Company has secured the services of a veteran metallurgist, Mr. Ian J. cox, to work on the projects with a focus on both lithium and nickel.

Ian has a degree in fuel and combustion science, from Leeds University, UK. With post-grad courses in project management from the University of Tennessee, leadership from Harvard, and finance from the Massachusetts Institute of Technology (MIT), he is an experienced project manager/process engineer with extensive experience in new process development and transition from development to design and operation. Ian has built a profitable business in highly competitive international markets. He builds strong multi-function teams with international joint venture/partnering experience.

QUALIFIED PERSON

The technical information disclosed in this MD&A has been reviewed and approved by Joel Scodnick, P.Geo., Vice-President, Exploration for St-Georges and a Qualified Person, as defined by National Instrument 43-101 for the *Standards of Disclosure for Mineral Projects*.

EQUITY TRANSACTIONS

On January 13, 2020, the Company issued 165,000 common shares for $16,500 for the exercise of warrants, which was included in subscriptions received in advance as at December 31, 2019.

On January 17, 2020, the Company closed final tranche of 1,600,000 cash units and 50,000 flow-through units of its non-brokered private placement, at a price of $0.10 per unit, for aggregate gross proceeds of $165,000. Each cash unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.185 until October 17, 2020. Each flow-through unit is comprised of one common share and one-half of one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.20 per share until October 17, 2020.

On February 6, 2020, pursuant to the agreement of the Manicouagan Nickel-Copper-PGE project acquisition. the Company issued 5,000,000 shares at a price of $0.07 per share to vendors, including 2,000,000 shares to Exploration JF Inc. subject to a 2-year escrow period, and 3,000,000 shares at a price of $0.07 per share to Frank Dumas subject to a 60-month escrow period.

On February 11, 2020, the Company issued 114,975 common shares to settle $14,372 of accounts payable.

On November 9, 2020, pursuant to the acquisition of two mineral claims adjacent to the Manicouagan Palladium project, the Company issued 600,000 shares at a fair value of $45,000 to the vendor.

On November 15, 2020, the Company announced a non-brokered private placement offering of units at a price of $0.10 and flow-through shares at a price of $0.10 for total gross proceeds of up to $1,650,000. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each unit warrant entitles the holder to purchase one share at an exercise price of $0.185 per share for a period of 2-year.

On November 17, 2020, the Company increased the size allocation of its previously announced non-brokered private placement offering of common shares and common share warrants units at a price of $0.10 and flow-through shares at a price of $0.10. The total gross proceeds will be increased from $1,650,000 to $1,800,000.

On November 19, 2020, the Company closed the first tranche of 11,500,000 flow-through shares at $0.10 per flow-through share, and 200,000 units at a price of $0.10 per unit of its non-brokered private placement for aggregate gross proceeds of $1,170,000. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.185 until November 19, 2022. All shares issued pursuant to this tranche of the private placement are subject to the applicable statutory hold period ending March 20, 2021.

The Company paid a finder fee of $69,000 in cash and issued 690,000 Finders' warrants at an exercise price of $0.20 per share until November 19, 2022.

On November 25, 2020, the Company closed the second and final tranche of 2,150,000 flow-through shares at $0.10 per flow-through share, and 6,400,000 units at a price of $0.10 per unit of its non-brokered private placement, for aggregate gross proceeds of $855,000. Together with the first tranche closed on November 19, 2020, the Company raised $2,025,000 in total financing. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.185 until November 24, 2022. All shares issued pursuant to this tranche of the private placement are subject to the applicable statutory hold period ending March 25, 2021.

The Company paid a finder fee of $4,000 in cash.

Insiders of the Company subscribed for a total of $200,000.

The Company will use the proceeds from the private placement to further advance the nickel extraction technology, exploration at the Julie Nickel and Manicouagan Palladium Project in Quebec, and to initiate the definition of a maiden gold resource estimate at the Thor Gold project in the suburbs of Reykjavik, Iceland.

On September 18, 2020, 324,800 warrants expired unexercised.

During the nine months ended September 30, 2020, the Company received $5,000 of the subscription receivable from prior year private placements, and $65,000 from current year private placement. The balance of subscription receivable as at September 30, 2020 is $553,603 (December 31, 2019 - $518,603).

Subsequent to the period ended September 30, 2020, the Company received $25,000 of the subscription receivable from the current year private placement.

In July 2020, the Company extended the expiry date of the following previously issued warrants:

Number of Warrants	Original Expiry Date	New Expiry Date
4,400,500	August 29, 2020	February 29, 2021
2,780,000	September 18, 2020	March 18, 2021
3,025,000	September 23, 2020	March 23, 2021
1,000,000	October 3, 2020	April 3, 2021
625,000	October 17, 2020	April 17, 2021

All other terms of the warrants remain unchanged.

RESULTS OF OPERATIONS

For the nine months ended September 30, 2020, the Company recorded a net loss of $17,914,002 (2019 - $1,906,877 income), had a cumulative deficit of $27,468,424 (2019 – $20,018,594), and deficit non-controlling interest of $1,783,116 (2019 - $nil). The Company had no source of operating revenues or any related operating expenditures.

SELECTED ANNUAL INFORMATION

For the years ended December 31	2019 $	2018 $
Revenues	-	-
Operating expenses	(4,504,668)	(4,655,622)
Net loss and comprehensive loss for the year	(4,814,648)	(7,883,553)
Basic and diluted loss per share	(0.04)	(0.08)
As at December 31	**2019** **$**	**2018** **$**
Cash and cash equivalents	377,449	567,816
Digital assets	22,350,314	705,390
Working capital	5,594,245	(220,951)
Exploration and evaluation assets	2,341,747	3,105,245
Total assets	28,216,281	4,614,442
Shareholders' equity (deficiency)	10,149,268	(1,600,255)

For the year ended December 31, 2019, the Company had no revenues.

The Company incurred a net loss and comprehensive loss for the year of $4,814,648 for the year ended December 31, 2019 compared to a net loss of $7,883,553 for the year ended December 31, 2018. The decrease in the loss is primarily due to a decrease in impairment of digital assets to $1,528,913 (2018 - $3,003,302), and the Company recorded a gain on extinguishment of debt of $14,900 (2018 - $nil), a gain on disposal of properties of $1,445,974 (2018 - $nil). Further details are available in the analysis below.

For the year ended December 31, 2018, the Company had no revenues.

The Company incurred a net loss and comprehensive loss for the year of $7,883,553 for the year ended December 31, 2018 compared to $1,138,506 for the year ended December 31, 2017. The increase in the loss is primarily due to increases in stock-based compensation payments of $1,304,594 (2017 - $37,881), consulting fees of $362,457 (2017 - $76,221), financial fees, bank charges, accretion expenses of $276,449 (2017 - $5,319), management fees of $915,250 (2017 - $330,500) and research and development fees of $517,960 (2017 - $nil), unrealized loss on digital assets of $3,003,302 (2017 - $nil), and loss on change in fair value of derivatives of $167,004 (2017 - $nil) . Further details are available in the analysis below.

SUMMARY OF QUARTERLY RESULTS

The following table outlines selected unaudited financial information of the Company for the last eight quarters.

	Sept.30, 2020	*Jun.30, 2020*	*Mar 31, 2020*	*Dec.31, 2019*
Total assets	12,212,235	12,087,874	27,550,700	28,216,281
Working capital (deficiency)	(481,076)	(938,794)	6,720,081	5,594,245
Shareholders' equity	3,946,984	3,981,105	9,725,200	10,149,268
Revenue	-	-	-	-
Net income (loss)	(569,452)	(15,837,606)	(1,506,944)	(6,721,525)
Net income (loss) per share	(0.00)	(0.11)	(0.01)	(0.05)
	Sept.30, 2019	*Jun.30, 2019*	*Mar.31, 2019*	*Dec.31, 2018*
Total assets	8,649,697	5,428,639	4,925,529	4,614,442
Working capital	(692,925)	556,075	425,765	220,951
Shareholders' equity (deficiency)	1,213,799	(1,570,052)	(1,612,549)	(1,600,255)
Revenue	-	-	-	-
Net income (loss)	2,751,745	(108,691)	(736,177)	(1,962,525)
Net income (loss) per share	0.03	(0.00)	(0.01)	(0.02)

EXPENSES

For the periods ended September 30, 2020 and 2019.

	2020 $	2019 $
Accretion and interest expenses	862,528	690,286
Compensation expense	-	101,947
Consulting fees	352,306	288,829
Foreign exchange expenses	(66,046)	111,094
Management fees	470,432	595,118
Office expenses	117,771	52,335
Professional fees	113,266	145,652
Publicity and promotions	34,221	144,370
Research and development fees	422,352	337,914
Stock based compensation	-	10,452
Transfer agent and listing fees	82,339	65,536
Travel expenses	3,516	74,751
Loss (gain) on sale of and payments with digital assets	(332)	53,318
Gain on sale of marketable securities	(159,360)	-
Unrealized loss (gain) on marketable digital assets	15,944,225	(394,301)
Unrealized loss on marketable securities	114,182	30,000
Gain on change in fair value of convertible loan investment	(371,882)	-
Equity loss on investments	257,348	-
Loss on debt settlement and other	18,909	-
Gain on redemption of convertible debentures	(23,722)	(72,125)
Impairment loss on property	398	-
Reversal of previous years impairment loss	-	(774,286)
Income tax refund	(50,449)	-
Gain on disposal of KOTN properties	-	(3,227,767)
Gain on Lithium recovery technology	-	(140,000)
Gain on derivative marketplace development	(208,000)	-
Loss (gain) and comprehensive loss (gain)	17,914,002	(1,906,877)

THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

For the three months ended September 30, 2020 and 2019, the Company had no revenues.

The Company incurred net loss for the period of $569,452 (2019 - $2,751,745 income). Operating expenses for the three months ended September 30, 2020 were $815,146 (2019 - $1,035,228). The decrease in operating expense is primarily due to decrease in foreign exchange gain of $11,788 (2019 - $65,632 expenses) as the US dollar exchange rate changes in the current period. The decrease in professional fees to $32,444 (2019 - $72,244, publicity and promotions to $14,127 (2019 - $59,413), research and development fees to $99,953 (2019 - $146,613), and travel expenses to $nil (2019 - $22,354), as the Company reducing the fees to maintain the on-going operation in the current period. The increases in accretion and interest expenses to $280,898 (2019 - $209,089) was as a result of the change in the Company's convertible debentures costs in the current period.

During the three months ended September 30, 2020, the Company recognized a loss of $nil (2019 - $130,959) upon sale of digital assets, a loss of $nil (2019 - $37,484) on payments with Ether coins, and the Company recorded an unrealized loss on digital assets of $147,845 (2019- $228,762) as a result of general market changes in the digital assets held in its partially owned subsidiary, ZeU.

During the three months ended September 30, 2020, the Company recognized a gain of $159,360 (2019 - $nil) upon sale of marketable securities. And the Company recognized an unrealized gain of $4,379 (2019 - $30,000 loss) on marketable securities, a gain of $289,530 (2019 - $nil) on change in fair value of convertible loan investment, and equity loss of $101,730 (2019 - $nil) on investment as a result of the securities market and foreign exchange rate changes in the current period. During the three months ended September 30, 2020, the Company recorded a revenue of $42,000 (2019 - $nil) on the development of Borealis Derivative Marketplace.

NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

For the nine months ended September 30, 2020 and 2019, the Company had no revenues.

The Company incurred net loss for the period of $17,914,002 (2019 - $1,906,877 income). Operating expenses for the nine months ended September 30, 2020 were $2,392,685 (2019 - $2,618,284). The decrease in operating expense is primarily due to decreases in foreign exchange gain of $66,046 (2019 - $111,094 expenses) as the US dollar exchange rate changes in the current period. The decrease in compensation expenses to $nil (2019 - $101,947), management fee to $470,432 (2019 - $595,181), publicity and promotions to $34,221 (2019 - $144,370), and travel expenses to $3,516 (2019 - $74,751) in the current period. The increase in accretion and interest expenses to $862,528 (2019 - $690,286) as a result of the change in Company's convertible debentures costs in the current period. Research and development expense also increased to $422,352 (2019 - $337,914) as a result of the development of the blockchain technology.

During the nine months ended September 30, 2020, the Company recognized a loss of $nil (2019 - $60,791) upon sale of digital assets, a gain of $332 (2019 - $7,473) on payments with Ether coins, and the Company recorded an unrealized loss on digital assets of $15,944,225 (2019- $394,301 gain) as a result of general market changes in the digital assets held in its partially owned subsidiary, ZeU.

During the nine months ended September 30, 2020, the Company recognized a gain of $159,360 (2019 - $nil) upon sale of marketable securities. And the Company recognized an unrealized loss of $114,182 (2019 - $30,000) on marketable securities, a gain of $371,882 (2019 - $nil) on change in fair value of convertible loan investment, and equity loss of $257,348 (2019 - $nil) on investment. The Company also recorded a gain of $23,722 (2019 - $72,125) on redemption of convertible debenture, a loss of $18,909 (2019 - $nil) on debt settlement and write-off accounts receivable and income tax refund of $50,449 on a tax credit from the prior year.

During the nine months ended September 30, 2019, the Company completed the sale of KOTN to BWA. The Company reversed previous years' impairment losses of $774,286, and recognized a further gain on the disposal of $3,227,767.

During the nine months ended September 30, 2020, the Company recorded revenue of $208,000 on the development of Borealis Derivative Marketplace.

The Company has implemented important cost-saving measures to mitigate the financial impacts of the pandemic and preserve financial resources was well as in solidarity with shareholder impacted by COVID-19.

LIQUIDITY AND CASH FLOW

At September 30, 2020, the Company had cash of $21,373 (December 31, 2019 - $377,449) and working capital deficiency of $481,076 (December 31,2019 – $5,594,245 working capital).

For the period ended September 30, 2020, significant cash flows were as follows:

Net cash used in operating activities for the period was $631,709. Net loss for the period of $17,914,002 included non-cash accretion and interest expenses of $862,528 on convertible debentures; unrealized loss on marketable digital assets of $15,944,225; unrealized loss on marketable securities of $114,182; equity loss of $257,348 on investments; loss on debt settlement and other of $18,909; gain on change in fair value of convertible loan of $371,882, gain on sale of marketable securities of $159,360. Net changes in working capital items were $639,999, primarily including decrease in accounts receivable of $91,889, increase in prepaid of $52,711, and increase in accounts payable and accrued liabilities of $600,821.

Net cash provided by investing activities for the period was $145,677. During the period ended September 30, 2020, the Company sold 717,500 shares of its short-term for proceeds of $241,871, and purchased 120,000 shares on the market for $39,265.

Net cash provided by financing activities for the period was $129,956. The Company received net funds of $181,456 and subscription receipts of $35,000 from share issuances for the completed private placement, warrants exercise and debentures converted into shares during the period ended September 30, 2020.

On January 13, 2020, the Company issued 165,000 common shares for $16,500 for the exercise of warrants.

On January 17, 2020, the Company closed final tranche of 1,600,000 hard cash units and 50,000 flow-through units of its non-brokered private placement, at a price of $0.10 per unit, for aggregate gross proceeds of $165,000.

On February 6, 2020, pursuant to the Manicouagan Nickel-Copper PGE agreement, the Company issued 5,000,000 shares at a price of $0.07 per share to the vendors, including 2,000,000 shares subject to a 2 -year escrow period, and 3,000,000 shares subject to a 60-month escrow period.

On February 11, 2020, the Company issued 114,975 common shares to settle $14,372 of accounts payable.

On July 7, 2020, ZeU converted all of the advance of $346,507 from the Company to a secure promissory note. The promissory note is no interest. The Company also received 1,386,026 warrants of ZeU, one warrant for every unit of $0.25 of debenture. The 2-year warrants exercise price is $0.30 per share.

On November 9, 2020, pursuant to the acquisition of two mineral claims adjacent to the Manicouagan Palladium project, the Company issued 600,000 shares at a fair value of $45,000 to the vendor.

On November 19, 2020, the Company closed the first tranche of 11,500,000 flow-through shares at $0.10 per flow-through share, and 200,000 units at a price of $0.10 per unit of its non-brokered private placement for aggregate gross proceeds of $1,170,000.

On November 25, 2020, the Company closed the second and final tranche of 2,150,000 flow-through shares at $0.10 per flow-through share, and 6,400,000 units at a price of $0.10 per unit of its non-brokered private placement, for aggregate gross proceeds of $855,000. Together with the first tranche closed on November 19, 2020, the Company raised $2,025,000 in total financing.

FINANCIAL RISK MANAGEMENT AND FINANCIAL ESTIMATES

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties.

The Company's exposure to potential loss from financial instruments is primarily due to various market risks, including interest rate, liquidity and credit risk. There has been no change in the financial risk of the Company during the period.

Market Risk

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchanges rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company may have to issue additional common shares or conclude private investments.

As at September 30, 2020, the Company has current liabilities and accrued liabilities of $5,551,441 (December 31, 2019 -$4,925,041) due within 12 months and has cash of $21,373 (December 31, 2029 - $377,449) to meet its current obligations. As a result, the Company faces liquidity risk as it expends funds towards its projects.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. This amount best represents the Company's maximum exposure to any potential credit risk. The risk is assessed as low.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market-interest rates. The Company's convertible debentures have fixed interest rates and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk. The management of the Company considers its interest rate risk to be minimal.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

Fair Value Measurement

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of financial instruments, with the exception of the secured debenture, are considered to be a reasonable approximation of fair value because of their short-term maturities.

The carrying values of the convertible debentures approximate its fair value at the reporting date because the convertible debentures were calculated by discounting future cash flows using rates that the Company would otherwise use for such debt with similar terms, conditions and maturity dates, adjusted for the Company's credit risk. Management believes that no significant change occurred in the risk of these instruments.

CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2020, the Company's shareholders' equity was $3,946,984 (December 31,2019 – $10,149,268). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

Capital for expansion comes mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient for a certain amount of exploration and development work on its properties, and for working capital purposes. Additional funds are required to finance the Company's corporate objectives. There was no change in the Company's capital management policy for the period ended September 30, 2020.

The Company is not currently exposed to any externally imposed capital requirements.

RELATED PARTY TRANSACTIONS

a) Related party transactions

During the year, the Company incurred the following transactions with related parties not disclosed elsewhere in the financial statements:

	Sept.30, 2020 $	Sept.30, 2019 $
Management or Administration fees paid or accrued to directors or companies controlled by directors or officers [1, 2,3,4,5,6,7,8,10]	470,432	595,118

[1] Vilhjalmur Vilhjalmsson, President, CEO and Director
[2] Mark Billings, Chairman and Director
[3] Frank Dumas, COO and Director
[4] Enrico Di Cesare, Director and VP Research & Development
[5] Richard Barnett, CFO
[6] Neha Tally, Corporate Secretary
[7] Herb Duerr, Director
[8] Gary Johnson, Director
[9] Joel Scodnick, Qualified Person
[10] Wei-Tek Tsai, Director (resigned in July 2019)

These amounts will be settled by either cash payments or issuing securities.

In addition, the Company incurred consulting fees of $241,971 (2019 - $305,392) which were expensed as research and development costs, and other consulting fees of $nil (2019 - $51,879) during the year. 50% of the CEO's time was devoted to research and development. The Board of directors and officers of the Company did not receive any compensation in the second quarter of 2020 to mitigate the financial impacts of the pandemic.

During the year ended December 31, 2018, related parties received signing bonuses in the form of convertible debentures for $400,000 which are being recognised over the vesting period of 4 years. On November 25, 2019, all of the signing bonus related to $400,000 convertible debentures and accrued interest of $55,672 were converted into 455,672 common shares of ZeU at a price of $1 per share. The signing bonuses totaling $454,521 provided to the management of ZeU were recorded as compensation expense.

b) Due to Related Parties

As at September 30, 2020, included in accounts payable and accrued liabilities is $752,493 (December 31, 2019 - $448,334) owing to related parties.

These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

c) Stock Options Granted

There were no stock options granted in the year ended December 31, 2019 or the current period.

Outstanding Share Data

As at September 30, 2020, the Company has 145,338,936 common shares outstanding of which 4,500,000 of the issued shares are held in escrow. Subsequent to the period ended September 30, 2020, the Company issued 600,000 shares of the Company for an acquisition agreement, and 20,250,000 shares for the private placement closed on November 19, 2020. As of the current date, the Company has 166,188,936 common shares outstanding.

Stock Options

As at September 30, 2020, and as of the current date, the Company has 8,275,000 stock options outstanding.

Warrants

As at September 30, 2020, and as of the current date, the Company has 18,130,500 warrants outstanding. Subsequent to the period ended September 30, 2020, the Company issued 6,600,000 warrants and 690,000 finders’ warrants for the private placement closed in November 2020. As of the current date, the Company has 25,420,500 warrants outstanding.

RISK FACTORS

Exploration

Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. Other risks related to exploration and mining activities include unusual or unforeseen formations, fire, power failures, labour disputes, flooding, explosions, cave-ins, landslides and shortages of adequate or appropriate manpower, machinery or equipment.

The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment and others, such as aboriginal claims and government regulations, including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resource produced, the Company may decide not to undertake or continue commercial production.

There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

Environmental and Other Regulations

Current and future environmental laws, regulations and measures could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company’s activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Company and its ability to develop its properties economically. Before it commences mining a property, the Company must obtain environmental permits and the approval of the regulatory authorities. There is no assurance that these permits and approvals will be obtained, or that they will be obtained in a timely manner. The cost of complying with government regulations may also impact the viability of an operation or altogether prevent the economic development of a property.

Financing and Development

The Company does not presently have sufficient financial resources to undertake its planned exploration and development programs. Development of the Company’s properties therefore depends on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing resource properties, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

Commodity Prices

The factors that influence the market value of platinum, palladium, rhodium, copper, cobalt, nickel, carbon graphite and any other mineral discovered are outside the Company’s control. The impact of these factors cannot be accurately predicted. Resource prices can fluctuate widely and have done so in recent years.

Risks Not Covered by Insurance

The Company may become subject to claims arising from cave-ins, pollution or other risks against which it cannot insure itself due to the high cost of premiums or other reasons. Payment of such claims would decrease and could eliminate the funds available for exploration and mining activities.

COVID-19 Disclosure

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods

signed “Vilhjalmur Thor Vilhjalmsson”	*signed “Richard Barnett”*
President and Chief Executive Officer	Chief Financial Officer