

Cu  
Pb, Zn  
Ag, Au

**BRUNSWICK**  
*Resources inc.*

***ANNUAL MANAGEMENT'S DISCUSSION  
AND ANALYSIS REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019***

This annual management's discussion and analysis report ("MD&A") provides an analysis of our financial condition and results of operations to enable a reader to assess material changes for the year ended December 31, 2019, in comparison with the same period of last year. This annual MD&A was prepared as at April 30, 2020 and is intended to complement the condensed interim financial statements. This annual MD&A and our annual financial statements are intended to provide investors with reasonable basis for assessing our results of operations and financial performance.

Brunswick Resources Inc. (the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on June 15, 2006 and was classified as a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange. On September 16, 2006, the Corporation changed its name from Power Beaver Capital Corp. to Nano Capital Corp. On March 11, 2010, the Corporation changed its articles to change its name from Nano Capital Corp. to Z-Gold Exploration Inc and its shares traded on the TSX-Venture under the symbol "ZGG". On December 19, 2013, at its annual and special meeting, the shareholders of the Corporation approved a change of name for Brunswick Resources Inc./ Ressources Brunswick inc. This name change was approved by the TSX Venture Exchange on May 21, 2014 and the shares of Brunswick Resources Inc. ("Brunswick" or the "Corporation") started trading on the TSX Venture Exchange under the symbol "BRU" on May 22, 2014. Brunswick is a junior mining exploration corporation, exploring for gold and base metals in the Abitibi Greenstone Belt. The shares of Brunswick are trading on the TSX Venture Exchange under the symbol BRU.

This MD&A contains forward-looking statements not based on historical facts. Forward-looking statements express, as at the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors could cause results or events to differ materially from current expectations expressed or implied by forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Corporation to obtain financing.

## **MINING PROPERTIES**

### **IRENE LAKE PROPERTY (QUÉBEC)**

#### *History*

In June 2016, the Corporation entered into an option agreement to acquire 29 mining claims located in the Jamesie region of Northwestern Quebec.

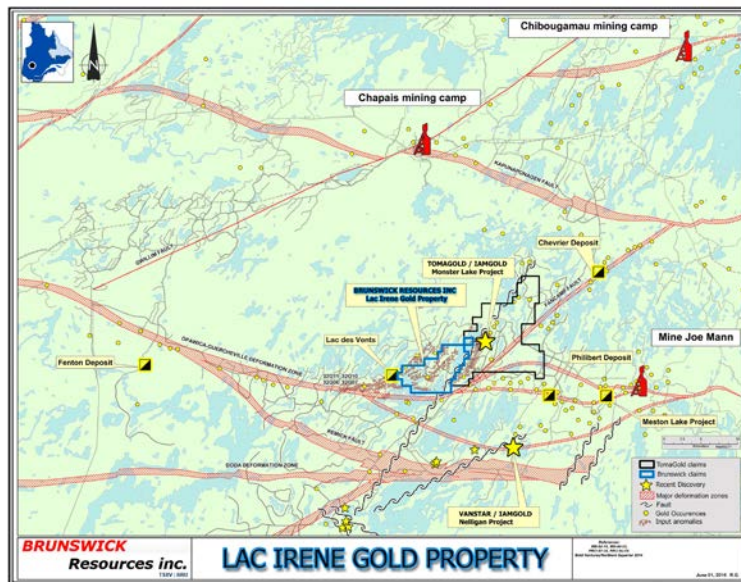
Brunswick had to pay a total of \$25,000 and issue a total of 1,500,000 common shares over a period of 3 years for an Option to acquire a 100% interest in the Irene Lake Property. The Optionor retained a 2.0% NSR in the property. In April 2017, the Corporation returned the property to the Optionor because it was not able to fulfill its obligations.

In June 2016, the Corporation entered into a second option agreement to acquire 14 mining claims located in the Jamesie region of northwestern Quebec. Brunswick will pay a total of \$6,000 and issue a total of 600,000 common shares over a period of 3 years for an Option to acquire a 100% interest in the additional claims of the Irene Lake Property. The Optionors have retained a 2.0% NSR in the property.

In December 2018, the Corporation signed an agreement to sell this property for \$65,000 CDN to Tomagold Corporation payable upon signature. The agreement has not yet been completed. Currently, the Corporation still has titles to the mining rights and buyer stills intend to complete the transaction. An extension up to June 30, 2019 has been granted to the buyer to complete the transaction but it will have to pay an additional amount of \$10,000 to acquire the property. The Corporation has not yet cashed the sale amount.

The Irene Lake Gold Property is located in the northwestern region of the Province of Quebec at approximately 45 kilometers southwest of the Chibougamau mining camp. The Property is contiguous and to the west of TomaGold's

and Iamgold Monster Lake Project where 5 major gold zones were intercepted. Over 20 intercepts of high gold ranging from 10.0 to 237.6 g/t Au were discovered on the Monster Lake property.



**Work by Brunswick**

The neighbours IamGold and TomaGold intersected significant gold mineralization on their Monster Lake Gold Property. Brunswick’s claims cover a similar parallel structure that splays off of the main fault. Brunswick is of the opinion that similar mineralization could be intercepted on Brunswick’s property.

**Analysis of Acquisitions and of Exploration and Evaluation Expenditures**

During the year ended December 31, 2018, the Corporation issued 300,000 common shares representing an amount of \$9,000 to comply with the last conditions of an agreement signed in 2016 for the acquisition of the Irene Lake property. The Corporation recorded a tax credit related to resources and a mining tax credit for an amount of \$6,475.

**Royalties on the mining properties are as follows:**

Irene Lake            2%

The Corporation has no research and development expenses.

The Corporation doesn’t have any deferred expenses other than the mining properties and the deferred exploration expenses.

**Person responsible of the technical information**

The qualified person pursuant to National Instrument 43-101, responsible of the technical information of the Corporation is Mr. Christian Dupont, P.Eng. in Ontario.

**GLOBAL PERFORMANCE OF THE YEAR**

During the year ended December 31, 2019, the Corporation contracted two demand loans with interests for a total amount of \$100,000 for its working capital. It has also impaired exploration and evaluation assets on its Irene Lake property for an amount of \$16,525.

## SELECTED ANNUAL INFORMATION

Our annual audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary values contained in this MD&A are expressed in Canadian currency.

### Significant Financial Data (Audited)

YEARS ENDED DECEMBER 31	2019	2018	2017
		\$	\$
Total assets	48,010	65,154	56,894
Total liabilities	323,564	267,888	499,579
Revenue	(1,867)	(4,732)	(28,912)
Comprehensive loss	72,820	20,049	38,247
Net loss per share on a diluted basis	0.00	0.00	0.00

As at December 31, 2019, the total assets of the Corporation are at \$48,010 compared to \$65,154 as at December 31, 2018 and its mainly due to the impairment of exploration and evaluation expenses on its Irene Lake property for an amount of \$16,525. Liabilities are at \$323,564 compared to 267,888 in 2018 mainly due to the new demand loans, with interests that were used to diminish the accounts payables and increase the working capital of the Corporation.

### QUARTERLY INFORMATION (Not Audited)

	Dec. 31 2019	Sept. 30, 2019	June 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	Mar. 31, 2018
Total Assets	48,010	68,025	65,759	83,513	65,154	73,084	48,997	59,244
Total Liabilities	323,564	323,137	283,664	299,749	267,888	272,063	250,246	256,034
Revenues	2,779	-	(4,646)	-	(602)	(817)	(1,772)	(1,541)
Net and comprehensive loss	20,447	37,202	(1,669)	13,502	(14,143)	2,230	22,661	9,301
Basic and diluted loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### *STATEMENT OF EARNINGS*

Being a mining exploration company, Brunswick does not generate any regular earnings so in order to survive; the Corporation has to issue capital stock. The revenues recorded come from a gain by debt settlement of \$4,646 as well from a related company that shared the same office, same equipment and non-professional staff.

#### Expenses

During the year ended December 31, 2019, the loss before income taxes of the Corporation is \$72,820 compared to \$20,049 for the same period ended December 31, 2018.

<b>Details of the administrative expenses for the year ended December 31</b>	<b>2019</b> \$	<b>2018</b> \$
Professional fees	36,803	15,938
Office expenses	5,290	6,979
Telecommunications	1,942	2,063
Tax and permits	(2,118)	87
Registration, listing fees and shareholders' information	14,482	19,996
Interests and bank expenses	6,326	1,996
Amortization of fixed assets	83	120
<b>Total</b>	<b>62,808</b>	<b>47,179</b>

Summary of the administrative expenses for the last fourth quarters

	<b>Dec. 31 2019</b>	<b>Sept. 30, 2019</b>	<b>June 30, 2019</b>	<b>March 31, 2019</b>
Professional fees	1,899	29,699	(795)	6,000
Office expenses	2,102	1,241	1,278	669
Telecommunications	419	509	504	510
Taxes and permits	-	(2,118)	-	-
Registration, listing fees and shareholders' information	805	2,187	5,251	6,239
Interests and bank expenses	565	5,660	47	54
Amortization	(7)	30	30	30

- During the three-month period ended September 30, 2019, the professional fees are higher because the Corporation recorded accounting and audit fees.
- During the three-month period ending March 31, 2019, the registration, listing fees and shareholders' information are higher because the Corporation paid the annual fees to the TSX Venture Exchange.
- During the three-month period ended September 30, 2019, the interests and bank expenses are higher because the Corporation recorded interests on the demand loans.

## **SOURCE OF FINANCING**

During the year ended December 31, 2019, the Corporation did not complete any private placement.

During the year ended December 31, 2019, the Corporation contracted two demand loans of an amount of \$100,000, which helps to improve its working capital.

In order to continue its operations, the Corporation will have to find significant additional funds. Considering the non-respect of some flow-through shares agreements, in view of the negative impact of this fact and its difficult financial situation, the risk is high that the management will have difficulties to obtain the financial resources required to maintain its activities.

The Corporation is at the exploration stage so Brunswick does not have revenue coming from operation. Management searches periodically to obtain financings by issuing shares, by the exercise of share purchase warrants and of share options to pursue its activities but despite the fact that Brunswick has succeed in the past, there are no guarantee that it will succeed in the future.

## **OBLIGATION AND CONTRACTUAL COMMITMENTS**

In December 2018, the Corporation signed an agreement to sell this property for \$65,000 in cash payable upon signature. In May 2019, the Corporation signed an amendment to the agreement to give an extension to the buyer to complete the transaction but in consideration of an additional \$10,000, payable in cash. The Corporation has not yet cashed the sale amount. The agreement is currently not respected but management agreed verbally to give an additional extension to the buyer in order for it to be able to respect the agreement.

In February 2019, the Corporation signed a letter of intent with the private company CBIO Brand Development Inc. (CBIO) to complete a reverse take-over. CBIO will also have to make a private placement for a minimum of \$750,000 and a maximum of \$1,000,000. At the closing of the transaction, it is anticipated that the Corporation will be listed on the Canadian Securities Exchange (CSE) under a new corporate name and will be removed from the TSX Venture Exchange. The resulting corporation will continue the activities of CBIO, the sale of CBD based products extracted from hemp. If the operation is realized, there will be a new Board of Directors. The operation will be by way of share exchange, merger, amalgamation, arrangement, or other similar form of transaction which will result on CBIO becoming a wholly-owned subsidiary of Brunswick. This transaction is conditional upon the approval of regulatory authorities and other conditions that will be provided for in a future definitive agreement. The transaction will involve the acquisition by Brunswick of all of the issued and outstanding shares of CBIO. As at the date of this MD&A, the parties have been unable to negotiate the terms of a definitive agreement satisfactory to both parties and consequently have mutually decided to terminate the LOI and abandon the Transaction. Brunswick does not have any commitments toward CBIO anymore.

The Corporation being in the exploration stage, it has no revenue coming from operation. By consequent, management is periodically seeking financing through the issuance of shares in order to pursue its activities. Even if it has been successful in the past, there is no guarantee that it will be successful in the future. By virtue of past flow-through shares agreements, the Corporation has not completed exploration work in the statutory deadlines. As at December 31, 2019, the cumulative shortfall of exploration and evaluation work that should have been completed before December 31, 2015 and of December 31, 2012 amount to approximately \$140,000. However, since the amount in default is subject to penalties, the Corporation recorded an amount of \$55,750 as at December 2019 and 2018. This statutory non-respect brings a financial risk for the Corporation and also a fiscal risk for the investors. Currently, management is optimistic that it will be able to raise enough liquidities to take charge of its financial liabilities from its commitments.

## **RELATED PARTY TRANSACTIONS AND COMMERCIAL GOALS**

Brunswick Resources Inc. (Brunswick) entered into the following transactions with related parties. The amounts payable are usually settled in cash when it's possible.

During the year ended December 31, 2019, the Corporation invoiced revenues for an amount of \$1,867 (\$4,732 as at December 31, 2018) with a company that has the same President as Brunswick. In relation with these transactions, the Corporation has an amount of \$5,315 (\$3,169 as at December 31, 2018) to be received presented separately in the statement of financial position.

In March 2018, the Corporation issued 4,011,805 common shares à \$0.05 per share, representing a total amount of \$200,590 pursuant to two debt agreements with two companies that have the same President as Brunswick.

In June 2018, the Corporation issued 364,042 common shares at \$0.05 per share, for an amount of \$18,202 pursuant to one debt settlement agreement with a director of Brunswick.

The transactions are measured at the amount of consideration established and agreed by the related parties.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

The financial statements were prepared by management in accordance with IFRS. The accounting policies set out below have been applied consistently to all periods presented in the financial statements, unless otherwise indicated.

### **Functional Currency**

The reporting currency and the currency of all operations of the Corporation is the Canadian dollar, since it represents the currency of the primary economic environment in which the Corporation operates.

### **Financial Instruments**

#### **Recognition and Derecognition**

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual dispositions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs, if applicable.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Under IFRS 9, the classification depends on the entity's business model for managing the financial asset and the cash flow characteristics of the asset or liability.

#### **Classification and Initial Valuation of Financial Assets**

For the purpose, financial assets are classified into the following categories:

- at amortized cost;
- at fair value through profit or loss (FVTPL).

For the periods considered, the Corporation does not hold any financial assets classified in the category of FVTPL.

All income and expenses relating to financial assets recognized in profit or loss are presented in finance costs or financial income.

#### **Subsequent Valuation of Financial Assets**

##### **Financial Assets at Amortized Cost**

Financial assets are measured at amortized cost if they meet the following conditions:

- They are held according to an economic model whose purpose is to hold financial assets in order to collect the contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if its effect is not significant. Cash and cash equivalents, the amount receivable from a related company and other receivables are included in this category of financial instruments.

## **Impairment of Financial Assets**

The impairment disposition in IFRS 9 use more forward-looking information, the expected credit loss impairment model, which replaces the IAS 39 loss model.

The recognition of credit losses is no longer dependent of the identification of a credit loss event by the Corporation. The latter should instead take into account a wider range of information for the assessment of credit risk and the assessment of expected credit losses, including past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

## **Classification and Measurement of Financial Liabilities**

The Corporation's financial liabilities include accounts payable and accrued liabilities, the due to a director and demand loans.

Subsequently, the financial liabilities are measured at amortized cost using the effective interest method.

Interest expenses and, as the case may be, changes in the fair value of an instrument recognized in profit or loss are presented in finance costs or financial income.

## **Cash and Cash Equivalents**

The Corporation presents cash and temporary investments with original maturities of three months or less from acquisition date in cash and cash equivalents.

## **Fixed Assets**

Fixed assets are accounted for at historical cost less any accumulated depreciation. Amortization of fixed assets is based using declining method at the following rate:

	Rate
Computer equipment	30%

## **Impairment of Long-Lived Assets**

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of its fair value less costs for sale and its value in use (present value of the future cash flows expected). An impairment loss is recognized when their carrying value exceeds the recoverable amount. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its recoverable amount.

## **Mining Properties and Exploration and Evaluation Assets**

Expenditures incurred before the entity has obtained the legal rights to explore a specific area are recognized as expenses. Expenditures related to the development of mineral resources are not recognized as exploration and evaluation assets. Expenditures related to the development are accounted as an asset only when the technical feasibility and commercial viability of a specific area are demonstrated and when recognition criteria of IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets* are fulfilled.

All costs associated with property acquisition are capitalized to mining properties and exploration activities are capitalized as exploration and evaluation assets. Costs that are capitalized are limited to costs related to acquisition and exploration activities that can be associated with the discovery of specific mineral resources, and are not include costs related to production, and administrative expenses and other general indirect costs. Exploration and evaluation expenditures are capitalized when the following criteria are satisfied:



- they are held for use in the production of mineral resources;
- the properties have been acquired and expenses have been incurred with the intention of being used on a continuing basis; and
- they are not intended for sale in the ordinary course of business.

Costs related to the acquisition of mining properties and to exploration and evaluation expenditures are capitalized by property until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrated, exploration and evaluation assets are reclassified as mining assets under development. Exploration and evaluation assets are assessed for impairment before reclassification, and any impairment loss recognized. Until now, no technical feasibility and no commercial viability of extracting a mineral resource have been demonstrated.

The Corporation reconsiders periodically facts and circumstances in IFRS 6 that require testing exploration and evaluation assets for impairment. When facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the asset is tested for impairment. The recoverable amount is the higher of fair value less costs for sale and value in use of the asset (present value of the future cash flows expected). When the recoverable amount of an exploration and evaluation asset is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount by recording an impairment loss. The carrying amount of exploration and evaluation assets do not necessarily represents present-time or future value.

The prior years recognized impairment for exploration and evaluation asset, for mining assets under development or for any other long-lived asset (other than a goodwill) is reversed if there is an increase of the economic potential of asset, resulting from its use or sale since the last time an impairment has been recorded for this asset. If any, the carrying value of this asset is increased up to its recoverable amount, without being higher than it would have been recorded (net of amortization) like if the impairment had never been recognized for this asset in prior years.

#### **Mining Properties Option Agreements**

Options on interests in mining properties acquired by the Corporation are recorded at the value of the consideration paid, including other future benefit given up but excluding the commitment for future expenditures. Commitment for future expenditures does not meet the definition of a liability and thus are not accounted for. Expenditures are accounted for only when incurred by the Corporation.

When the Corporation sells interests in its mining properties, it uses the carrying amount of the property before the sale of the option as the carrying amount for the portion of the property retained, and credits any cash consideration received and also the fair value of other financial assets against the carrying value of this portion (any excess is recognized as a gain in profit or loss).

#### **NSR Royalties**

The NSR royalties are generally not accounted for when acquiring a mining property since they are deemed to be a contingent liability. Royalties are only accounted for when probable and can be measured with sufficient reliability.

#### **Provisions and Contingent Liabilities**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Corporation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Corporation's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Corporation's operations are in material compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource will have been demonstrated, a restoration provision may be recognized in the statement of financial position.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. As at December 31, 2019 and 2018, a provision amounting to \$55,730 was recorded in relation to penalties for non-respect of flow-through shares agreements.

### **Share-Based Compensation**

The Corporation accounts for share-based compensation over the vesting period of the rights to stock options. Share purchase options granted to employees and directors and the cost of services received are evaluated and recognized on fair value basis using the Black-Scholes option pricing model.

### **Flow-Through Shares**

The Corporation considers that the issue of flow-through shares is in substance an issue of common shares and the sale of tax deductions. The sale of tax deductions is measured using the residual method. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position. When eligible expenditures are incurred (as long as there is the intention to renounce them), the sale of tax deductions is recognized in the income statement as a reduction of deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

### **Warrants**

Under financing activities, the Corporation may grant warrants. Each warrant entitles its holder to purchase one share at a price determined at grant for a certain period of time. The Corporation determines at first the value of shares component according to the stock market price at the closing date of the financing. To determine the fair value of warrants issued, the Corporation uses the Black-Scholes pricing model. Thereafter, proceeds from issued units are allocated between shares and warrants using the relative fair value method.

### **Share Issuance Expenses**

Share issuance expenses are recorded as a reduction of capital stock in the year in which they are incurred.

### **Basic and Diluted Loss per Share**

The basic net loss per share is calculated using the weighted average of shares outstanding during the year. The diluted net loss per share, which is calculated with the treasury method, is equal to the basic net loss per share due to the anti-dilutive effect of share purchase options and warrants.

### **Income Taxes and Deferred Taxes**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes except when deferred income results from an initial recognition of goodwill or from initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they will reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year and which, expected to apply to taxable income in the years during which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or loss in the year that includes the enactment date.

The Corporation establishes a valuation allowance against deferred income tax assets if, based on available information, it is probable that some or all of the deferred tax assets will not be realized.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. At the end of each reporting

period of financial information, the Corporation reassesses the tax deferred asset not recognized. Where appropriate, the Corporation records a tax deferred asset that had not been recorded previously to the extent it has become probable that future taxable profits will recover the tax deferred asset.

### **Revenue Recognition**

Other revenues are recognized when there is convincing evidence of the existence of an agreement, as the price is fixed or determinable and collection is reasonably assured.

### **Segment Disclosures**

The Corporation currently operates in a single segment: the acquisition and exploration of mining properties. All of the Corporation's activities are conducted in Canada.

### **Significant Accounting Judgments, Estimates and Assumptions**

The Corporation currently operates in a single segment: the acquisition and exploration of mining properties. All of the Corporation's activities are conducted in Canada.

The estimate and underlying assumptions are reviewed regularly. Any revision to accounting estimate is recognized in the period during which the estimate is revised and in future periods affected by these revisions.

### **Key Sources of Estimation Uncertainty**

#### Impairment of Mining Properties and Exploration and Evaluation Assets

Mining properties and exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that their carrying amount may exceed recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Corporation shall measure, present and disclose any resulting impairment loss. Indications of impairment as well as the evaluation of recoverable amount of mining properties and exploration and evaluation assets require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

Based on analysis performed during the year 2019, the Corporation was impaired an amount of \$16,525 to establish a more realistic value for his mining project and also to take into account its limited financial resources. During the year 2018, the Corporation has not impaired exploration and evaluation assets and no reversal of impairment loss was recorded for past years.

### **Significant Management Judgment**

The following are significant management judgments in applying the accounting policies of the Corporation that have the most significant effect on the financial statements.

#### Going Concern

The assessment of the Corporation's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year and to fund planned and contractual exploration and evaluation programs, involves judgments based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Corporation's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

### Market Risk

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The financial assets and liabilities are not exposed to interest rate risk because they don't bear interest. On the other hand, demand loans bear interest at fixed rate of 5%. Accordingly, in relation with these items, there is an exposure to fair value variation. The management of the Corporation considers minimal its interest rate risk.

#### Currency Risk

The Corporation is not exposed to currency fluctuations as all transactions occur in Canadian dollars.

#### Fair Value

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about the financial instruments. Fair value of cash, account receivable from a related company, other receivables, accounts payable and accrued liabilities and loans approximate carrying value due to their short-term.

#### Fair Value Hierarchy

Cash is measured at fair value and it is categorized in level 1. Its valuation is based on data observed in the market.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. Financial instruments which potentially expose the Corporation to credit risk mainly consist of cash and account receivable from a related company. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. In addition, credit risk on account receivable from a related company is low. Therefore, the Corporation does not expect any treasury counterparties to fail in respecting their obligations.

#### Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. As at December 31, 2019, the Corporation's working capital is strongly negative and its cash situation is relatively low. During the year, the Corporation obtained a total of \$100,000 for demand loans, which helps to improve its working capital. Despite that fact, in order to continue its operations, the Corporation will have to find significant additional funds. Considering the non-respect of some flow-through shares agreements, in view of the negative impact of this fact and its difficult financial situation, the risk is high that the management will have difficulties to obtain the financial resources required to maintain its activities.

## **POLICIES AND PROCESSES FOR MANAGING CAPITAL**

As at December 31, 2019, the capital of the Corporation consists of equity amounting to a negative amount of \$275,554. The Corporation's capital management objective is to have sufficient capital to respect its commitments and to be able to continue its activities. It has also the objective to have sufficient cash to finance these activities and the working capital requirements. There were no significant changes in the Corporation's approach to capital management during the year ended December 31, 2019. The Corporation has no dividend policy.

The Corporation is subject to regulatory requirements related to the use of funds obtained by flow-through shares financing. These funds have to be incurred for eligible exploration and evaluation expenses. During some previous years, the Corporation has not always respected all of its regulatory requirements in relation with some past flow-through financings (see contingent liabilities at note 11). This non-respect of fiscal rules could have a negative financial impact on the Corporation.

In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at the global, national, provincial and local levels. These measures, which include travel bans, solitary confinement or quarantine, voluntary or not, and social distancing, have caused significant disruption among businesses, globally and in Canada, due to the slowdown economic. Governments and central banks responded by implementing monetary and fiscal measures to stabilize the world economy; however, the current difficult economic climate may cause adverse changes in cash flow, the level of working capital and / or the search for future financing, which could have a direct impact on the future financial position of the Corporation. The financial impact on the Corporation is not known at this time. The management say the impacts will be adequately reflected in fiscal 2020.

## **RISKS FACTORS**

### **Exploration Risks**

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, labor 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, government regulations including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resources produced, the Corporation may decide not to undertake or continue commercial production. There can be no assurance that the expenses incurred by the Corporation 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 Corporation's activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Corporation and its ability to develop its properties economically. Before it commences mining a property, the Corporation 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**

Development of the Corporation's properties therefore depends on its ability to raise the additional funds required. There can be no assurance that the Corporation will succeed in obtaining the funding required. The Corporation 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 gold and any other mineral discovered are outside the Corporation's control. Resource prices can fluctuate widely, and have done so in recent years. The impact of these factors cannot be accurately predicted.

### **Risks Not Covered by Insurance**

The Corporation may become subject to claims arising from cave-ins, pollution or other risks against which it cannot insure itself or chooses not to 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.

### **Tax**

No assurance can be given that Canada Revenue Agency or that the Quebec Ministry of Revenue will agree with the Corporation's characterization of expenditures as Canadian exploration expenses.

### **Dependence on Key Personnel**

The development of the Corporation is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Corporation faces competition for personnel from other mining companies.

### **Conflict of Interest**

Certain directors of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and mining of natural resources properties. Such associations may give rise to conflicts of interests from time to time. The directors of the Corporation are required by law to act honestly and in good faith in view of the best interests of the Corporation and to disclose any interest, which they may have on any project or opportunity of the Corporation. If a conflict arises at the meeting of the board of directors, any director in conflict will disclose his interest and abstain from voting on such matter.

### **Long-Term Debt**

The Corporation has no long-term debt.

## **INFORMATION ON OUTSTANDING SHARES**

As at December 31, 2019 and as the date of this MD&A, the capital stock of the Corporation is composed of 39,880,521 common shares, issued and outstanding.

### Share Purchase Options

The Corporation has a stock option plan intended for its officers, consultants and directors. As at the date of this MD&A, there are no stock options outstanding.

### Warrants

As at the date of this MD&A, the Corporation has no warrant outstanding.

### Options issued to Brokers

As at the date of this MD&A, the Corporation has no outstanding options issued to brokers.

## **STRATEGY AND PERSPECTIVE**

Brunswick Resources Inc. is a junior mining exploration company which has been listed on the TSX Venture since March 16, 2010. Brunswick Resources Inc. has been trading on the TSX Venture under the symbol “BRU” since May 22, 2014.

During the last few years, the market conditions have made it difficult for junior exploration companies to obtain financing. The Corporation has negotiated with some of its creditors the settlement of major debts. These shares for debts settlements were negotiated at a price of \$0.05 per share. This has enhanced the Corporation’s balance sheet. However, the Corporation was not able to find financings to complete exploration work.

In December 2018, the Corporation signed an agreement to sell the Irene Lake property for \$65,000 in cash payable upon signature. The agreement has not yet been completed. Currently, the Corporation still has titles to the mining rights and the buyer stills intend to complete the transaction. An extension up to June 30, 2019 has been granted to the buyer to complete the transaction but it will have to pay an additional \$10,000 to acquire the property. The Corporation has not yet received the funds from the buyer but management has given a verbal agreement to give an extension to the buyer.

In February 2019, the Corporation signed a letter of intent with the private company CBIO Brand Development Inc. (CBIO) to complete a reverse take-over. On November 12, 2019, the Corporation announced by way of a news release that the parties have been unable to negotiate the terms of a definitive agreement satisfactory to both parties and consequently have mutually decided to terminate the LOI and abandon the Transaction. The Corporation intends to remain on the TSX Venture Exchange.

The current covid-19 crisis and the resulting slow-down of the economy have hampered somehow the plans of the Corporation. The social distancing restrictions have made it almost impossible to advance projects and brought up several postponements. Nevertheless, management of the Corporation continues to look for opportunities to advance the shareholder value of the Corporation.

***ADDITIONAL INFORMATION AND ONGOING DISCLOSURE***

This MD&A was prepared as at April 30, 2020. The Corporation regularly discloses additional information by means of press releases and interim financial statements and MD&A on SEDAR's website ([www.sedar.com](http://www.sedar.com)) and on the Corporation's website at [www.brunswickresources.com](http://www.brunswickresources.com).

***CERTIFICATE***

This MD&A was approved by the board of directors.

(s) Christian Dupont

Christian Dupont

April 30, 2020