

MONTEGO RESOURCES INC.
Management Discussion and Analysis
For the three months ended September 30, 2020

The Management Discussion and Analysis (“MD&A”), prepared on November 27, 2020 should be read in conjunction with the unaudited condensed interim financial statements and the notes thereto for the three months ended September 30, 2020 of Montego Resources Inc. (“Montego” or the “Company”) and the Company’s audited financial statements with the accompanying notes and related MD&A for the fiscal ended June 30, 2020 which were prepared in accordance with International Financial Reporting Standards. Additional information relating to the Company including the Company’s Annual Information Form is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “designed”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on July 20, 2012.

On September 5, 2018, the Company announced that it will proceed with a name change from Montego Resources Inc. to US Resources Hub Inc. to better reflect the Company’s future focus and its current negotiations, specifically focus on high-quality US-based assets. The name change is subject to approval of the Canadian Securities Exchange.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. As at September 30, 2020, the Company had \$Nil exploration and evaluation assets.

On July 8, 2020, the Company’s symbol changed from MY to MY.X. The .X extension was added to listed securities of issuers that the Canadian Securities Exchange has deemed to be inactive.

PREPAID EXPENSES

As at September 30, 2020 and June 30, 2020, the Company had the following prepaid expenses:

	September 30, 2020	June 30, 2020
	\$	\$
Consulting fees	3,000	3,000
Exploration fees	6,649	6,649
Travel expense	4,902	4,902
	14,551	14,551

EXPLORATION AND EVALUATION ASSETS

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, June 30, 2019	1	-	1
Acquisition costs	8,667	-	8,667
Property acquisition and expenditures	-	39,171	39,171
Impairment of exploration and evaluation assets	(8,668)	(39,171)	(47,839)
Balance, June 30, 2020 and September 30, 2020	-	-	-

Taylor Silver Property

On March 28, 2017, the Company reached an agreement with Silver Predator Corp. (“Silver”) to acquire a series of mining claims located in White Pine County in the state of Nevada commonly referred to as the Taylor Silver Property (the “Property”, “Taylor”).

Pursuant to the terms of the agreement reached with the vendor, the Company can acquire the Property in consideration for the completion of a series of cash payments totalling US\$1,200,000, issuing 2,500,000 common shares and incurring expenditures of at least US\$700,000 on the Property. Upon completion of the payments, share issuances and expenditures, the Company will hold a 100% interest in the Property, subject to a 2% net smelter return royalty and a 1% net profit royalty to Silver.

	Number of Common Shares	Cash US\$	Exploration Expenditures US\$
Upon closing (issued and paid)	500,000	200,000	-
On or before 6 months from closing (issued and paid)	300,000	100,000	-
On or before 12 months from closing (issued, paid and incurred)	400,000	200,000	100,000
On or before 24 months from closing	500,000	300,000	250,000
On or before 36 months from closing	800,000	400,000	350,000
Total	2,500,000	1,200,000	700,000

As of June 30, 2020 and 2019, the Company has paid \$650,135 (US\$500,000) and issued 1,200,000 common shares with a fair value of \$341,500 to Silver.

On March 15, 2018, the Company has planned a 2018 scope of work exploration program on its Taylor Silver Property, located in White Pine County, Nevada. The 2018 scope of work will be committed in two phases with phase 2 yet to be defined and based on the progress and results from the phase 1 program. The phase 1 program on the Taylor Silver Project will consist of RC (reverse circulation) drilling, property-scale detailed mapping, soil sampling, and initiation of a reassay for gold program on select stored rejects and pulps from drill holes previously sampled for silver only.

Highlights of the Taylor Silver Project include:

- Established mineral tenure and permitting procedures in a politically stable jurisdiction;
- Historic resource;
- Favourable stratigraphy for a Carlin gold system, including decalcification, silicification, jasperoids, high-angle north-northwest structures, silty Devonian carbonates (Guilmette formation) and local felsic intrusions cutting all stratigraphy;
- Previous drilling results by Silver Predator show strong gold and or silver mineralization in drill hole

- assays near surface;
- Strong database and geological expertise;
- Already defined mineralization; and
- Excellent infrastructure and highway access, 24 kilometres southeast of Ely, Nevada.

On August 10, 2018, the Company announces its expansion of its portfolio. The Company intends to focus on evaluating and seeking opportunities in the mining and metals sector. The Company is focused on expanding its range of opportunities it can investigate or add to its current portfolio to create shareholder value. The Company is seeking to assess regional and complementary opportunities for strong gold and/or silver mineralization near its flagship Taylor Project in Nevada.

On August 29, 2018, the Company has released its results from SRK Consulting's (U.S.) Inc. rock sampling program on its Taylor Silver Project near Ely, Nevada.

Results from 2018 rock grab samples show anomalous silver mineralization ranging from less than one gram per tonne silver to a high of 398 g/t Ag. The samples in the northwest pit show high values of silver ranging from 38.5 to 398 g/t Ag with a statistical mean of 149.6 g/t Ag (4.8 ounces per ton). Gold values from these samples ranged up to 0.217 g/t with statistical mean of 0.077 g/t Au.

In addition to rock sampling in the historic resource area, rock samples were collected from outcrop at South Taylor, Enterprise, Crescent and Antimony. These areas represent a higher-level mineralization (geologically) east of the Argus fault and show consistent gold mineralization. Significant results include 1.28 g/t Au at Enterprise (quartz-phyric tuff located 15 metres from a historic antimony retort site); 0.828 g/t Au at Antimony (polyolithic jasperoid breccia); 0.407 g/t Au at Crescent (jasperoid located adjacent to historic shaft); and 0.503 g/t Au at South Taylor (jasperoid). All of these samples were collected from outcrop and highlight the need for follow-up work as a gold-focused program.

On January 29, 2019, the Company released an updated mineral resource estimate for the Taylor in eastern Nevada, United States. This resource, summarized in the attached mineral resource estimate table, remains open for expansion and has demonstrated potential for higher-grade silver mineralization in several key areas, including: (1) underlying host rocks, (2) along the Argus fault zone, where previous higher-grade underground mining was concentrated, and (3) peripheral to the current resource subject to silver price.

During the year ended June 30, 2020, the Company incurred \$39,171 (2019 - \$122,961) mineral property expenses.

As at June 30, 2019, the Company determined there was objective evidence of impairment and recognized an impairment loss of \$1,260,814. During the year ended June 30, 2020, the Company received notice from Silver that it has terminated its option agreement with the Company and recognized an additional impairment loss of \$39,172.

Orogrande Gold Project

The Company signed a mineral property acquisition agreement with Altiplano Metals Inc. ("Altiplano") to acquire a series of mining claims located in Idaho county in the state of Idaho and commonly referred as the Orogrande Gold Project (the "Property", "Orogrande") dated September 13, 2018.

The Property is a "drive to" early-stage gold target comprising 199 unpatented lode claims totalling 4,000 acres and located approximately 100 kilometres southeast of Grangeville, Idaho, and 15 km southwest of Elk City, Idaho, all within the Nez Perce National Forest near the headwaters of the Crooked River.

Overall highlights of the Orogrande Gold Project include:

- Established mineral tenure and permitting procedures in a politically stable jurisdiction;

- Easy access via a system of state, county and local gravel roads;
- Favourable stratigraphy and geological setting in a region of known gold mineralization, identification and production;
- Past work on the Property identified previous lead gold mining and more recent work including mapping and soil sampling identified gold-bearing structures, zones of intense alteration and gold-in-soil anomalies, which will allow for quick near-term focus;
- Work by Premium on adjacent claims has used gold-in-soil anomalies successfully as a drill hole targeting tool and clear guides to mineralization at depth and defined six documented mineralized zones along the Orogrande shear zone (OSZ); and
- Apex Geoscience Ltd. completed a National Instrument 43-101 technical report for the vendor in 2016 and found the Orogrande gold project a property of merit with further work warranted. Apex recommend a phase 1 scope of work including soils, geologic mapping and a versatile time-domain electromagnetic geophysical survey. Expected phase 1 all-in cost is \$300,000.

In consideration for the Property, the Company will make a one-time cash payment of US\$50,000 and will issue 520,000 common shares to the vendor at a deemed price of \$0.25 per share. All shares issued to the vendor will be subject to a four-month-and-one-day statutory hold period, as well as a voluntary escrow arrangement. One-third of the shares will be released from the escrow arrangement every twelve months for a 36-month period. Following completion of the transaction, the property will remain subject to a 1.5% net smelter returns royalty on commercial production in favour of a previous owner.

Completion of the transaction with the vendor and the acquisition of the rights to the property, remains subject to the satisfaction of a number of conditions, including the completion of filings with the Canadian Securities Exchange on behalf of the Company and certain other closing conditions as are customary in transactions of this nature. There can be no assurance that these outstanding conditions will be satisfied.

The Company paid the one-time cash payment of \$64,875 (US\$50,000) during the year ended June 30, 2019 and issued 173,333 common shares with a fair value of \$8,667 during the year ended June 30, 2020.

As at June 30, 2019, the Company determined there was objective evidence of impairment and recognized an impairment loss of \$64,875. During the year ended June 30, 2020, the Company recorded an additional impairment loss of \$8,667.

Expenditures related to the Company's exploration and evaluation property interests are as follows:

	Orogrande Project	Silver Taylor	Total
	\$	\$	\$
Balance as at June 30, 2019	-	1	1
Property acquisition and staking costs	8,667	39,171	47,838
Impairment on exploration and evaluation assets	(8,667)	(39,172)	(47,839)
Balance as at June 30, 2020 and September 30, 2020	-	-	-

SELECTED ANNUAL INFORMATION
(\$000's except loss per share)

	June 30, 2020	June 30, 2019	June 30, 2018
	\$	\$	\$
Revenue	-	-	-
Net Loss	(602)	(3,512)	(3,512)
Net Loss and Comprehensive Loss	(602)	(3,512)	(3,512)
Basic and Diluted Loss per Share	(0.02)	(0.08)	(0.11)
Total Assets	217	1,678	4,586
Long-term Debt	-	-	-
Dividends	-	-	-

OPERATIONS

Three-month period ended September 30, 2020

During the three-month period ended September 30, 2020 (“current period”), the Company reported a net loss of \$19,318 (2019 - \$144,779). Included in the determination of operating loss were \$750 (2019 - \$500) on consulting fees, the increase was due to higher fees to consultants during the current period, \$164 (2019 - \$201) on depreciation, the decrease was due to decrease in depreciable asset during the current period, \$18,000 (2019 - \$17,206) on management and administration, the increase was due to increase in management fees incurred during the current period, \$221 (2019 - \$1,883) on office and miscellaneous, the decrease was due to decreased business activity during the current period, \$3,678 (2019 - \$11,688) on transfer agent and filing fees, the decrease was due to decreased activity and regulatory periodic filing fees incurred in the current period, \$Nil (2019 - \$3,083) on insurance, the decrease was due to no fees amortized during the current period, \$9,239 (2019 - \$Nil) on professional fees, the increase was due to higher legal fees incurred during the current period, \$15,000 (2019 - \$15,000) on rent and \$6,650 (2019 - \$20,164) on interest expense. The Company also incurred foreign exchange gain of \$98 (2019 - loss of \$54) and unrealized gain on investment of \$34,286 (2019 - loss of \$75,000).

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings.

Title Risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company’s interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. We intend to comply fully with all environmental regulations.

The current or future operations of the Company, including development activities and commencement of production on our properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that we obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for the operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Dependence on Key Personnel

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

Fluctuating Mineral and Metal Prices

Factors beyond our control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the exploration activities cannot be predicted. For example, gold prices are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices. In addition, the price of gold has on occasion been subject to rapid short-term changes due to speculative activities.

Future Financings

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

SUMMARY OF QUARTERLY RESULTS (\$000's except earnings per share)

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenue	\$ -	\$ -	\$ -	\$ -
Net Loss and Comprehensive Loss Basic and Diluted Per Share	(19)	(156)	(46)	(256)
	(0.00)	(0.00)	(0.00)	(0.01)

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue	\$ -	\$ -	\$ -	\$ -
Net Loss and Comprehensive Loss Basic and Diluted Loss Per Share	(145)	(2,557)	(110)	(280)
	(0.00)	(0.06)	(0.00)	(0.01)

Fiscal 2021

During the first quarter of fiscal 2021, the Company recorded a loss of \$19,318 compared to a loss of \$155,536 in the fourth quarter of fiscal 2020. The significant change is due to lower professional fees, rent expense and unrealized gain on investment incurred during the quarter.

Fiscal 2020

During the fourth quarter of fiscal 2020, the Company recorded a loss of \$155,536 compared to a loss of \$45,791 in the third quarter of fiscal 2020. The significant change is due to higher professional fees, rent expense and impairment of exploration and evaluation assets incurred during the quarter.

During the third quarter of fiscal 2020, the Company recorded a loss of \$45,791 compared to a loss of \$256,093 in the second quarter of fiscal 2020. The significant change is due to lower professional fees and office and miscellaneous expenses incurred during the quarter. The Company also recognized an unrealized gain on investment of \$15,000 compared to an unrealized loss on investment of \$60,000 in the second quarter.

During the second quarter of fiscal 2020, the Company recorded a loss of \$256,093 compared to a loss of \$144,779 in the first quarter of fiscal 2020. The change is mainly due to higher professional fees and office and miscellaneous and mineral property expenses incurred during the quarter.

During the first quarter of fiscal 2020, the Company recorded a loss of \$144,779 compared to a loss of \$2,557,257 in the fourth quarter of fiscal 2019. The higher loss in the fourth quarter of fiscal 2019 is mainly due to impairment on exploration and evaluation asset incurred during the quarter.

Fiscal 2019

During the fourth quarter of fiscal 2019, the Company recorded a loss of \$2,557,257 compared to a loss of \$109,828 in the third quarter of fiscal 2019. The change is mainly due to higher expenses and impairment on exploration and evaluation asset incurred during the fourth quarter.

During the third quarter of fiscal 2019, the Company recorded a loss of \$109,828 compared to a loss of \$279,985 in the second quarter of fiscal 2019. The change is mainly due to lower consulting fees and travel and promotion incurred during the third quarter.

During the second quarter of fiscal 2019, the Company recorded a loss of \$279,985 compared to a loss of \$564,846 in the first quarter of fiscal 2019. The change is mainly due to lower consulting fees, interest expense and travel and promotion incurred during the second quarter.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2020, the Company had a cash balance of \$113,823 and working capital deficiency of \$791,346 compared to \$145,890 in cash balance and \$772,192 in working capital deficiency as at June 30, 2020.

During the three months ended September 30, 2020, net cash used in operating activities was \$32,067 (2019 - \$120,071) comprising a net loss of \$19,318 (2019 - \$144,779), depreciation of \$164 (2019 - \$201), accrued interest and accretion of \$6,650 (2019 - \$20,164), unrealized gain on investments of \$34,286 (2019 - loss of \$75,000), foreign exchange gain of \$98 (2019 - loss of \$54), increase in amounts receivable of \$2,830 (2019 - \$2,015), decrease in prepaid expenses of \$Nil (2019 - \$3,083) and increase in accounts payable of \$17,651 (2019 - decrease of \$71,779).

Cash used in investing activity for the three months ended September 30, 2020 was \$Nil (2019 - \$39,171), which was related to acquisition of exploration and evaluation assets.

There was no financing activity for the three months ended September 30, 2020 and 2019.

OFF-BALANCE SHEET ARRANGEMENTS

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

COMMITMENT

On July 1, 2020, the Company entered into a lease agreement for office space for a monthly lease payment of \$5,000 with a term of 12 months and terminates on June 30, 2021.

TRANSACTIONS WITH RELATED PARTIES

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management compensation

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the current and former directors of the Company. The remuneration of key management is as follows:

Three months ended September 30,	2020	2019
	\$	\$
Management fees	3,000	17,206
Consulting fees	750	500
	3,750	17,706

Management and consulting services were provided by companies owned by current and former officers and directors of the Company.

Other transactions and balance

- a) On March 20, 2019, a former officer of the Company brought a claim on behalf of the Company against another officer of the Company in the Supreme Court of British Columbia. On September 3, 2019, the Company and the officer agreed to settlement of \$1 and reimbursement of legal expenses incurred by the officer for a total of \$248,271.
- b) On June 11, 2019, the Company was served with a notice of civil claim in the Supreme Court of British Columbia by a former officer of the Company. In the claim, the former officer alleged that the Company was responsible for the \$250,000 he advanced to a law firm retained on behalf of the Company for the claim above, any additional amounts advanced for legal work undertaken, as well as his compensation at a rate of \$10,000 per month for every month for which he was an officer of the Company. The Company believes the claim is meritless and will vigorously defend it. At this time, however, it is premature to make any conclusion regarding the probability of incurring material losses in this litigation.
- c) On January 22, 2020, the Company has proceeded with legal action against former directors Adam Cegielski and Jim Grieg for breaches of fiduciary duty, and failure to exercise reasonable care, skill and diligence that jeopardized the Company's interest in the Black Dog Gold Project in Northern Quebec and its interest in the Taylor Silver Project in Nevada, which has affected shareholder value of the Company. The Company is currently in advanced settlement discussions with Mr. Cegielski. On January 29, 2020,

the court has granted default judgement on former director Jim Grieg against whom the Company will be seeking damages for the losses suffered. The Company is currently in settlement discussions with Adam Cegielski.

- d) The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	September 30, 2020	June 30, 2020
	\$	\$
Accounts payable and accrued liabilities	73,147	68,946

The amounts are due to current and former directors and companies controlled by current and former directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

RECENT EVENTS

On April 10, 2019, Anthony Jackson, a member of the board of directors of the Company, noted that there is a dispute as to the membership of the Company's board and wishes to provide third parties with notice that certain persons holding themselves out as board members do not have authority to contract, or otherwise make binding commitments, on behalf of the Company. This matter is at issue in connection with Mr. Jackson's March 7, 2019, petition asking the court to order Montego to call its 2018 annual general meeting. Mr. Jackson attempted to call the overdue annual general meeting for April 16, 2019, but Adam Cegielski, who has never been elected by shareholders or appointed by board resolution, or otherwise, as a director of the Company, submitted documentation retracting the record and meeting dates.

On April 18, 2019 the Company advises that upon application of Anthony Jackson, a Company shareholder and director, to the Supreme Court of British Columbia, (the "BC Court"), the BC Court has ordered that an Annual General Meeting be convened on July 23, 2019. As stated in the previous news release, Mr. Jackson disputes the validity of purported board members, Cegielski, Greig, and Malhotra, and intends to nominate a slate at the AGM which does not include any of these people who purport to be current board members. Mr. Jackson also confirms that Mr. Cegielski was not properly appointed Chief Executive Officer and confirms that to the extent that he has any right to hold himself out as occupying that position, he has now unambiguously been terminated as CEO by the current valid board members. Mr. Jackson has been appointed as interim CEO by the current valid board Members.

On May 13, 2019, the Company was sued for \$1,000,000 debt plus 8% interest. As a result, total cash of \$1,115,991 was garnished by the Supreme Court of British Columbia and is designated as restricted cash as at June 30, 2019. During the year ended June 30, 2020, the restricted cash was released to repay the convertible debentures.

On June 20, 2019, the Company director Anthony Jackson reports that on May 8, 2019, counsel acting on the instructions of the Company's purported board members Cegielski, Greig and Malhotra made application for an injunction in the Supreme Court of British Columbia requiring Bank of Montreal to release in excess of \$1,000,000 of Company funds to the Cegielski group's control. Counsel for Anthony Jackson, a director of the Company, opposed the application on the basis that the Cegielski group members were not directors of the Company, despite having filed records indicating such. Counsel for the Cegielski group asked the court to recognize its clients as the proper directors of the Company, despite not having made an application seeking this relief. The court did not grant this relief or the requested injunction. It was left with counsel for the Cegielski group to make such an application. Subsequent to the hearing, counsel for Mr. Jackson invited the Cegielski group counsel to make that application on an expedited time frame, but the members did not respond and it has since been disclosed on Stockwatch that Mr. Cegielski has filed a lawsuit against the Company for an advance that was made on his behalf for the Ceglielski group's legal fees and for

management fees he is claiming. Although that claim has not been served, it is apparent that the Cegielski group has abandoned its claims to be directors of the Company and, as such, Mr. Jackson will take steps to convene the annual general meeting and bring the Company into good standing with the Canadian Securities Exchange.

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.

SUBSEQUENT EVENT

No subsequent event.

MANAGEMENT CHANGES

On September 4, 2018, Ken Tollstam has resigned from the board and as the Company's chief executive officer.

On January 22, 2019, the Company announces that Kon Tsukamis have resigned from the board of directors, effective immediately.

On February 5, 2019, William Cronk has resigned from the board of directors and Larry Segerstrom has resigned as the vice -president of exploration, effective immediately.

On April 18, 2019, the Company appointed Anthony Jackson as interim chief executive officer.

On July 29, 2019, the Company appointed a new set of directors namely Anthony Jackson, David Greenway, Mo Ahmad and Yuying Liang, and Mo Ahmad has resigned from the board of directors in October 2019.

On January 22, 2020, the Company has appointed Dave Jenkins to the board of directors and David Greenway as interim chief executive officer following the resignation of Anthony Jackson as chief executive officer and director. The board of directors now consist of Yuying Liang, Mr. Greenway and Mr. Jenkins.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards and Amendments Issued and Effective but Not yet Adopted

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

CRITICAL ACCOUNTING POLICIES

Changes in Accounting Policies

Leases

The Company adopted all of the requirements of IFRS 16 *Leases* (“IFRS 16”) as of July 1, 2019. This standard sets out a new model for lease accounting. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated, and the lease liability is accreted using the effective interest method.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there have been no changes to the opening deficit balance as at July 1, 2019.

SHARE CAPITAL

Issued

The Company has 45,324,903 common shares issued and outstanding as at September 30, 2020 and as at November 27, 2020.

Share Purchase Options

The Company has no stock options outstanding as at September 30, 2020 and as at November 27, 2020.

Share Purchase Warrants

The Company has no share purchase warrants outstanding as at September 30, 2020 and as at November 27, 2020.

Escrow Shares

The Company has no shares held in escrow as at September 30, 2020 and as at November 27, 2020.