GRAYCLIFF EXPLORATION LIMITED
(Formerly 1093683 B.C. Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

FORM 51-102F1

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Graycliff Exploration Limited (formerly 1093683 B.C. Ltd.) (hereinafter "Graycliff" or the "Company") for the interim period ended September 30, 2020. The MD&A should be read in conjunction with the unaudited condensed interim financial statements for the period ended September 30, 2020 and audited financial statements and MD&A for the year ended December 31, 2019. The MD&A has been prepared effective November 20, 2020.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Graycliff Exploration Limited. The Company reports its financial results in Canadian dollars and in accordance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board. All reported interim financial information includes the financial results of Monterey and its subsidiaries.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

The Company is incorporated under the laws of British Columbia, Canada and is engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals. Its head office is located at 777 Hornby Street, Suite 600, Vancouver, BC, V6Z 1S4, Canada.

The Company was incorporated on October 19, 2016 as a wholly-owned subsidiary of Monterey Minerals Inc. ("Monterey"). On August 1, 2018, Monterey completed a plan of arrangement whereby it issued 1,010,549 common shares of the Company to Monterey shareholders (the "spinout") for $NIL consideration.

As part of its “going public” process, Graycliff filed its prospectus with the British Columbia Securities Commission and received a receipt therefor on July 10, 2020. The Company is now working with the Canadian Securities Exchange (“CSE”) to meet minimum listing requirements, allowing the Company’s shares to trade on the CSE.

On October 15, 2020, the Company announced the acquisition of additional mining claims comprising approximately 330 hectares at the Company’s Shakespeare Gold Project. Under the terms of the acquisition, Graycliff issued 975,000 common shares for the new claims.

MINERAL PROPERTIES

The Shakespeare Property is located in the Sudbury Mining Division of Ontario and is centred at coordinates 434,000 m E / 5,128,000 m N NAD 83, UTM Zone 17 (46°18’10”N / 81°50’50”E), approximately 80km west of Sudbury, Ontario. The Property consists of 24 mineral claims covering 516.8 ha in two contiguous blocks.

The Property is located in the area of the historic Shakespeare gold mine, which was in operation from 1903 to 1907. A total of 2,959 oz of Au were produced from six underground levels (Gordon et al., 1979). Historic exploration was completed on the property intermittently between 1938 and 2014, including trenching, sampling and limited drilling. An IP survey completed in 2012 delineated a zone of high chargeability, however, this anomaly was not interpreted in a geological context. In 2014, GeoNovus Minerals Corp. completed three diamond drill holes totaling 371 metres; a thin mineralized zone was delineated in the area of the historic mine workings. GeoNovus Minerals Corp. did not complete any step-out holes to determine the continuation of this zone. In 2017, BTU Capital Corp, commissioned an Independent Technical Report on the property. Also in 2017, BTU Capital Corp carried out a short drilling campaign on the Property. One sample in hole S-1-17 @ 172-173m in a schist unit returned a value of 0.194 g/t Au.

On August 23rd, 2019, the Company entered into an Option to Purchase Agreement (the “Option Agreement”) with Steven Anderson (“Anderson”), Mona McKinnon (“McKinnon”), Kidridge Capital Inc. (“Kidridge”) and 2554022 Ontario Ltd. (“2554022”), collectively referred to as the “Optioners”, wherein the Optioners have agreed to grant an Option to the Company to acquire one hundred percent (100%) undivided interest in the unpatented mining claims associated with the Property, All surface, water, access and other non-mineral rights of and to any lands comprising the Property, including surface rights held in fee or under lease, license, easement, right of way or other rights of any kind (and all renewals, extensions, and amendments thereof or substitutions therefor) acquired by or on behalf of the Optionor, and any and all data, maps, surveys, technical reports, legal title opinions and all other information in relation to the Property and the Related Rights, (the “Option”) upon the terms and conditions set forth below. None of the Optionors are related parties to the Company.

<u>Property Geology and Mineralization</u>

The Property is located at the southern edge of the Superior Province, close to the contact with the Southern Province of the Canadian Shield. Middle Precambrian clastic metasedimentary rocks of the Huronian Supergroup and Early to Late Precambrian felsic plutonic rocks cut by Middle Precambrian mafic dikes are the dominant rock types on the property. A prominent fault, the Murray fault, strikes east-northeast and dips steeply to the south. The mineralized zone of the historic Shakespeare Mine was hosted by quartz-rich metasedimentary rocks and chlorite schists of the Matinenda Fm. Gold occurs as native metal with only minor amounts of sulfides, including pyrrhotite, pyrite, chalcopyrite and arsenopyrite. Sulfides are disseminated but also occur in small quartz veins.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2020, the Company had a cash balance of $504,822 compared to a cash balance of $425,782 at December 31, 2019. The Company had working capital $718,396 at September 30, 2020 (December 31, 2019 - working capital of $439,270).

The continuation of the Company as a going-concern is dependent on its ability to raise additional capital or debt financing, including on reasonable terms, in order to meet business objectives towards achieving profitable business operations.

On September 24, 2020 Graycliff closed a $530,000 non-brokered private placement offering of 5% unsecured convertible debentures (the "Debenture") at an issue price of $1,000 per Debenture. The Debenture has a maturity of twenty-four months and will bear interest at a rate of 5% per annum, payable at maturity in cash or common shares of the Company ("Common Shares") at $0.60 per common share. Each Debenture may be converted at the option of the holder into 1,667 Common Shares. The conversion price for the Common Shares is equal to $0.60 per share and the Debentures are subject to a four-month hold period.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

Common Shares

Authorized – Unlimited common shares without par value; and

Issued and Outstanding as at September 30, 2020: 15,354,882 (December 31, 2019: 15,354,882)

On August 1, 2018, Monterey completed a plan of arrangement whereby it issued 1,010,549 common shares of the Company to Monterey shareholders for $NIL consideration.

Also on August 1, 2018, the Company issued 11,114,451 common shares to various shareholders as part of a Letter of Intent ("LOI") to execute an acquisition and public listing transaction. An additional 1,000,000 common shares were issued on May 6, 2019. The LOI was assigned a $NIL value by management. This proposed transaction was never completed, and the associated common shares were cancelled: 7,614,451 on May 6, 2019 and the remaining 4,500,000 on October 7, 2019.

On October 1, 2019, the Company closed a non-brokered private placement totaling $50,667 priced at $0.02 per common share, resulting in the issuance of 2,533,333 common shares. As part of this closing, 633,333 common shares were issued for cash proceeds of $12,667 and 1,900,000 common shares were issued to settle $38,000 of trade debt.

On October 24, 2019, the Company closed a non-brokered private placement totaling $162,000 priced at $0.02 per common share, resulting in the issuance of 8,100,000 common shares In connection with this financing, 300,000 common shares were issued to settle trade debt of $6,000.

On November 8, 2019, the Company issued 322,500 common shares at $0.10 per share for proceeds of $32,250. On November 28, 2019, the Company issued 388,500 common shares at $0.10 per share for proceeds of $38,850. On December 17, 2019, the Company issued 3,000,000 common shares at $0.15 per share for proceeds of $450,000. During the period from June to December 2019, the Company cancelled 15,598,951 common shares for no consideration.

On December 4, 2019, the Company issued a total of 800,000 stock options directors, officers, employees and consultants. These options have a five-year life, and an exercise price of $0.15 and vest when the Company's shares begin trading on a public stock exchange. The $55,200 stock-based compensation for these options was recognized in August 2020 as the options have now vested.

On August 13, 2020, the Company issued a total of 50,000 stock options to a consultant. These options have a five-year life, and an exercise price of $0.38 and vested immediately. The $14,045 value of these options was expensed stock-based compensation.

On September 3, 2020, the Company issued a total of 300,000 stock options to consultants. These options have a five-year life, and an exercise price of $0.56 and vested immediately. The $124,170 value of these options was expensed stock-based compensation.

On October 13, 2020, the Company granted 200,000 options to purchase common shares at an exercise price of $0.85 per share for a period of five years from the date of granting to Directors of the Company.

On October 15, 2020, the Company announced the acquisition of additional mining claims comprising approximately 330 hectares at the Company's Shakespeare Gold Project. Under the terms of the acquisition, Graycliff issued 975,000 common shares for the new claims.

RESULTS OF OPERATIONS

SELECTED QUARTERLY INFORMATION

During the three and nine months ended September 30, 2020, the Company incurred a net loss of $322,336 and $441,861, respectively (three and nine months ended September 30, 2019 – losses of $152,346 and $162,956, respectively).

Expenses in 2019 were generally significantly lower than in 2020, reflective of the Company still being inactive. In 2020 expenses increased with the Company starting the process of being active and seeking to get its shares listed on the Canadian Securities Exchange. For the three and nine months ended September 30, 2020, the Company incurred professional and consulting costs of $63,744 and $98,681, respectively, management fees of $32,250 and $77,750, respectively, and corporate advisory expenses of $NIL and $10,205, respectively. Management fees increased in 2020 compared to 2019, as regular fees were not paid until November 2019 with management taking half pay until August 2020 when the Company's shares began trading.

In the three and nine months ended September 30, 2019, the Company incurred transfer agent and filing costs of $600 and $2,210, respectively, compared to $13,357 and $31,964, respectively, in 2020. The increase is commensurate with the fact that the Company got listed in 2020 with a significant amount of work needed to make it so.

Corporate advisory fees for the three and nine months ended September 30, 2019 were $118,000 and $127,000, respectively. In 2020, the company incurred corporate advisory fees of $10,250 in the first six months of 2020. These fees were related to the setup of the Company and work related to the listing application to get listed on the Canadian Securities Exchange ("CSE").

In the three and nine months ended September 30, 2019, the Company incurred legal fees of $60,276 and $89,287, respectively, compared to $2,470 and $2,470, respectively, in 2020. The increase is commensurate with the fact that the Company became "active" in 2020 with much legal work need on various transactions.

In the three and nine months ended September 30, 2020, the Company incurred promotion expenses of $11,959 and $17,160, respectively, compared to $NIL in 2019. The increase resulted from the fact that the Company was now listed on the CSE.

Stock-based compensation of $193,415 is non-cash in nature and reflects the value of options vested in the period and is calculated using the Black-Scholes option pricing model.

SUMMARY OF FINANCIAL RESULTS FOR EIGHT MOST RECENTLY COMPLETED QUARTERS

The following table summarizes the financial results of operations for the eight most recent fiscal quarters:

	Sep. 30, 2020 **$**	**June 30, 2020** **$**	**Mar. 31, 2020** **$**	**Dec. 31, 2019** **$**
Expenses	(322,498)	(27,618)	(93,519)	(124,766)
Net loss	(322,336)	(26,686)	(92,839)	(124,766)
Loss per share - basic & diluted	(0.02)	(0.00)	(0.01)	(0.01)
	Sep. 30, 2019 **$**	**June 30, 2019** **$**	**Mar. 31, 2019** **$**	**Dec. 31, 2018** **$**
Expenses	(152,346)	(10,010)	(600)	(4,332)
Net loss	(152,346)	(10,010)	(600)	(4,332)
Loss per share - basic & diluted	(0.03)	(0.01)	(0.00)	(0.00)

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members, other key management individuals and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the fair value and approved by the Board of Directors in strict adherence to conflict of interest law and regulations.

The Company incurred the following charges with directors and/or officers of the Company and/or companies controlled by them:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Consulting – President and CEO	12,500	2,000	27,500	2,000
Consulting – CFO	8,750	2,000	19,250	2,000
Consulting – Directors	---	4,000	---	4,000
Consulting – Venex Capital (controlled by a former director)	---	118,000	10,250	127,000
	21,250	**126,000**	**57,000**	**135,000**

As at September 30, 2020, included in accounts payable and accrued liabilities is $650 (December 31, 2019 - $1,081) due to the Company's President and CEO.

On January 15, 2020, the Company advanced $50,000 to Venex Capital ("Venex"), a Company controlled by one of Graycliff's former directors, in the form of an unsecured demand loan bearing interest at 5% per annum. On February 13, 2020, the Company advanced a further $25,000 to Venex in the form of an unsecured demand loan bearing interest at 5% per annum. On June 30, 2020, Venex repaid $25,000 of the initial $50,000 demand loan, resulting in a balance of $50,000 plus accrued interest of $1,612 included in Advances Receivable at June 30, 2020. On July 13, 2020, July 21, 2020 and July 29, 2020, Venex repaid a further $7,500, $22,500 and $20,000, respectively, of the demand loan receivable leaving only accrued interest of $1,774 outstanding.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Taxes

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

Significant accounting judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements, are related to the functional currency assessment, related parties, the provision for reclamation and obligation, when and if deferred taxes are recoverable and the assumption that the Company will continue as a going concern.

The Company made a determination that its functional currency and that of its subsidiaries is the Canadian dollar. Management considered all of the relevant factors in making this determination.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2020 and December 31, 2019, the Company did not have any financial instruments measured at fair value.

Categories of Financial Instruments	September 30, 2020	December 31, 2019
Financial Assets—other receivables		
Cash	**$504,822**	$ 425,782
Amounts receivable	**35,605**	3,743
Financial Liabilities—other financial liabilities		
Accounts payable and other liabilities	**4,025**	32,784

The fair values of all the Company's financial instruments approximate the carrying value due to the short-term nature of the financial instruments. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer is unable to meet its contractual obligations and arises principally from the Company's accounts receivable. The Company's cash is held with Canadian chartered banks.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has established a standard of ensuring that it has enough resources available to withstand any downturn in the industry. As the Company's industry is very capital intensive, the majority of its spending is related to its capital programs. The Company prepares periodic capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company's goal is to prudently spend its capital while maintaining its credit reputation amongst its suppliers.

Market Risk

Market risk is the risk that changes in interest rates, foreign exchange rates and commodity and equity prices will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of the Canadian chartered bank.

Commodity and equity risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is the potential adverse impact on the Company's comprehensive earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of certain precious and base metals. Precious and base metals have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals are produced in the future, a profitable market will exist for them.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying natural resource properties. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Company considers its capital structure to include cash and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The September 30, 2020 financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk and uncertainties that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this discussion, including information as to future activities, events and financial or operating performance of the Company and its projects, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual events or results to, differ materially from estimated or anticipated activities, events or results implied or expressed in such forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Many factors could cause actual activities and events and the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. These include metal prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

These forward-looking statements are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainly therein.