

79 RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2020

August 28, 2020

This Management Discussion and Analysis ("MD&A") of 79 Resources Ltd. ("79" or the "Company") has been prepared by management as of August 28, 2020 and should be read together with the unaudited condensed interim financial statements and related notes for the six months ended June 30, 2020 and the audited financial statements for the period ended December 31, 2020 which are prepared in accordance with International Financial Reporting Standards ("IFRS").

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.

In March 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in the future.

OVERVIEW AND OVERALL PERFORMANCE

The Company is engaged in the business of mineral exploration.

The Company's head office is located at #600 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6, and its registered and records office is located at #1170 – 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1. The Company was incorporated under the *Business Corporations Act* (British Columbia) on April 17, 2019.

On August 4, 2020, the Company obtained receipt of its final long form prospectus filed with the securities regulatory authorities in the provinces of Alberta and British Columbia as part of its IPO, and pursuant to an Agency Agreement (the "Agency Agreement") entered into between the Company and Haywood Securities Inc. (the "Agent"), intends to offer 4,000,000 units (the "Offered Unit") at \$0.10 per unit to the public for gross proceeds of \$400,000. Each Offered Unit will consist of one common share and one common share purchase warrant (an "Offered Warrant") of the Company. Each Offered Warrant will entitle the holder thereof to acquire one common share at an exercise

price of \$0.15 at any time before 24 months from the closing of the IPO. In addition, the Agent was granted an over-allotment option (the “Over-Allotment Option”) which would allow the Agent to sell an additional 600,000 units (the “Additional Units”) under the same terms and conditions as the Offered Units.

At closing, the Company will pay an agent’s commission of 10% of the gross proceeds and issue to the Agent compensation options (the “Agent’s Compensation Options”) equal to 10% of the aggregate number of Offered Units issued in the Offering. Each Agent’s Compensation Option entitles the Agent to purchase one common share of the Company at \$0.10 at any time prior to the date that is 24 months from the closing date. The Agent will also be paid a corporate finance fee (the “Corporate Finance Fee”) of \$40,000, of which \$30,000 will be payable in cash and \$10,000 in common shares. As at June 30, 2020, \$10,000 has been paid towards the Corporate Finance Fee and is included in deferred finance costs.

On August 28, 2020, the Company began trading on the Canadian Securities Exchange under the symbol SNR.

SELECTED ANNUAL INFORMATION

The following table sets forth summary financial information for the Company for the period from incorporation to December 31, 2019. This information has been summarized from the Company’s audited financial statements for the same period and should be read in conjunction with the Company’s audited financial statements, including the notes thereto.

	<u>Period from Incorporation on April 17, 2019 to December 31, 2019</u>
Mineral properties	\$ 121,544
Total assets	\$ 201,935
Total revenues	\$ -
Long-term debt	\$ -
General and administrative expenses	\$ 57,760
Net loss	\$ 57,760
Basic and diluted loss per share ⁽¹⁾	\$ 0.01

(1) Based on weighted average number of common shares issued and outstanding for the period. See “Selected Financial Information and Management’s Discussion and Analysis”.

RESULTS OF OPERATIONS

The Company is an exploration stage mineral resource company and does not have any revenues from its operations.

As at June 30, 2020, the Company had total assets of \$141,590 (December 31, 2019: \$201,935). As at June 30, 2020, the Company had current liabilities of \$50,618 (December 31, 2019: \$74,944).

For the period ended June 30, 2020, the Company reported a net loss of \$58,563 (2019: \$1,901). The losses for the period ended June 30, 2020 comprised of bank and interest charges of \$82 (2019: \$45), management fees of \$15,000 (2019: \$nil), office and miscellaneous of \$400 (2019: \$nil), legal, audit and accounting fees of \$9,484 (2019: \$1,856), regulatory and filing fees of \$9,853 (2019: \$nil), rent of \$1,200 (2019: \$nil), and share-based payment of \$22,544 (2019: \$nil).

SUMMARY OF QUARTERLY RESULTS

The Company was incorporated on April 17, 2019 and, for that reason, only the previous five quarters have been presented in the table below.

	Q2	Q1	Q4	Q3
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Net Loss for the Period	\$(22,186)	\$ (36,186)	\$ (42,638)	\$ (13,221)
Loss per Share	-	-	-	-
Total assets	\$141,590	\$ 159,836	\$ 141,590	\$ 180,129

	Q2
	June 30, 2019
Net Loss for the Period	\$ (1,901)
Loss per Share	-
Total assets	\$ 8,101

EXPLORATION AND PROJECTS

The principal asset of the Company is its option to acquire up to a 75% interest in the Louise Lake Property, a copper, molybdenum, gold and silver prospect.

Louise Lake Property

On July 8, 2019 the Company entered into an agreement to acquire up to a 75% interest in seven mining claims in the Omineca Mining Division, British Columbia from two vendors who co-own the property. To acquire a 51% interest, the Company issued 100,000 common shares (issued for \$2,000) and made a cash payment of \$5,000 to the vendors (paid).

To earn a further 24% (for a total of 75%), the Company must pay the vendors \$10,000 on or before July 8, 2020, extended to August 8, 2020 (paid), issue 100,000 common shares on or before the first anniversary of the initial listing of the Company's shares on an exchange, and incur aggregate exploration expenditures of \$225,000 of which \$75,000 must be incurred before July 8, 2020 (incurred) and \$150,000 on or before the first anniversary of the initial listing of the Company's shares on an exchange (incurred \$36,994).

The property is subject to a net smelter royalty of 2% payable to the vendors.

In August 2019, the Company acquired 82 additional cells contiguous to the Louise Lake Property for a cash payment of \$2,673.

The Property is located in the northern interior of British Columbia, approximately 35 air kilometers west of Smithers, British Columbia. The Property consists of eight Mineral Tenure Online mineral titles and covers an area of 1,862.36 hectares.

Since 1969, numerous exploration programs have been conducted on the area including geological mapping, geochemical and soil sampling, induced polarization (IP) surveying, diamond drilling, airborne magnetometer and VLF-EM surveying. Companies which conducted exploration on the Property include Canadian Superior Exploration (IP survey and diamond drilling – 1970), Granby Mining Corporation (geochemical surveys in 1975), Bethlehem Copper Corporation (geochemical and IP survey in 1979), Noranda Exploration Company (airborne magnetometer and VLF-EM surveys in 1980), Corona Gold Corporation (VLF-EM, geochemical survey, trenching and diamond drilling in 1988 to 1990), Equity Silver Mines Ltd. (diamond drilling in 1992) Global Mineral and

Chemical Ltd. (IP surveying and diamond drilling in 1995 through 1998), Firestone Ventures Inc. and North American Gem Inc. (diamond drilling in 2004 through 2008).

An independent geological report (the "Technical Report") prepared by Jason McLaughlin, P. Geol. of Aurora Geosciences Ltd., who is a "Qualified Person" as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), was completed in relation to the Property on July 22, 2020. The Technical Report recommends that the Company conduct a two phase exploration program comprised of: phase one, a surface exploration program, geological mapping, rock and soil sampling, and prospecting; and phase two consisting of a drilling program to further examine a target which was indicated in 2004 - 2008 drilling programs.

Exploration Expenditures

79 Resources has incurred the following exploration expenditures with regards to the Property that were capitalized as incurred to June 30, 2020:

Assays and testing	\$ 4,778
Geological consulting	29,879
Ground magnetic survey	38,336
Mapping and surveying	2,090
Reports and administration	15,533
Travel and accommodation	21,475
	<u>\$ 112,091</u>

Future Plans

In relation to the Property, the Company currently plans to follow recommendations made in the Technical Report. The Technical Report recommends that the Company conduct a two phase exploration program comprised of: phase one, a surface exploration program, geological mapping, rock and soil sampling, and prospecting; and phase two consisting of a drilling program to further examine a target which was indicated in 2004 - 2008 drilling programs. The estimated budget for phase one is \$103,200, and the estimated budget for phase two is \$171,900. The Company will make a decision regarding whether to proceed with phase two based on the results from phase one and whether it acquires the additional claim.

LIQUIDITY AND CAPITAL RESOURCES

The Company reported a working capital deficit of \$30,792 at June 30, 2020 and cash of \$9,358. Current liabilities as at June 30, 2020 consisted of accounts payable and accrued liabilities of \$38,618, and amount due to related parties of \$12,000.

During the period from inception on April 17, 2019 to December 31, 2019, the Company issued 1 common share for proceeds of \$1 to the incorporator.

On April 17, 2019, 2,000,000 common shares were issued to the founders and directors for proceeds of \$10,000.

On July 8, 2019, 100,000 common shares were issued to the vendors of the Louise Lake property valued at \$2,000.

On July 17, 2019, 3,000,000 common shares at \$0.02 were issued as part of a flow-through private placement for proceeds of \$60,000.

On July 29, 2019, 1,000,000 common shares at \$0.02 were issued as part of a flow-through private placement for proceeds of \$20,000.

On September 8, 2019, 2,100,000 common shares at \$0.05 were issued as part of a private placement for proceeds of \$105,000.

The Company has limited working capital to continue administrative operations and development of its exploration asset and may continue to have capital requirements in excess of its currently available resources. The Company intends to raise additional financing either privately or through a public financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the period ended June 30, 2020, the Company had:

- Incurred a management fee expense of \$15,000 to a company controlled by a director and the Chief Executive Officer;
- Incurred bookkeeping and accounting expense of \$2,000 to a director and Chief Financial Officer;
- amount due to a company owned by a director and the chief executive officer of the Company of \$10,000;
- amount due to a director and Chief Financial Officer of the Company of \$2,000 ;
- Incurred rent expense of \$1,200 and office expense of \$400 to a company that is related by common directors and a senior officer.

The Company has identified the directors and senior officers as key management personnel. The following table lists the compensation costs paid directly or to companies controlled by key management personnel for the period ended June 30, 2020:

Six months ended June 30, 2020		
	Fees	Share based payment
Gary Musil	\$15,000	\$ 11,272
Nancy Kawazoe	2,000	2,818
James Place	-	2,818
Twila Jensen	-	2,818
John Masters	-	2,818
	<u>\$17,000</u>	<u>\$ 22,544</u>

CRITICAL ACCOUNTING ESTIMATES

Not applicable for Venture Issuers.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying amounts of cash and accounts payable approximate fair value because of the short-term maturity of these items.

SUBSEQUENT EVENTS

In July 2020, the Company arranged loans totaling \$10,000 from two arm's length parties. The loans have a term of one year plus one day, bear interest of 2% per month, and are unsecured. The Company has the option to repay the loan and accrued interest in full at any time.

On August 27, 2020, the Company completed the IPO and began trading on the Canadian Securities Exchange

under the symbol SNR on August 28, 2020. The IPO was fully subscribed and the Agent exercised the Over-Allotment Options to raise gross proceeds of \$460,000.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The information provided in this report as referenced from the Company's financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

OTHER REQUIREMENTS

Summary of Outstanding Securities as at August 28, 2020

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 12,900,001 Common Shares

Options:

Number	Exercise Price	Expiry date
800,000	\$0.10	February 24, 2023
460,000	\$0.10	August 27, 2022

Warrants:

Number	Exercise Price	Expiry date
4,600,000	\$0.15	August 27, 2022

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical. The Company has no producing properties, no significant source of operating cash flow and consequently no sales or revenue from operations. The Company has either not yet determined whether its mineral properties contain mineral reserves that are economically recoverable or where reserves have been determined, mining operations have not yet commenced. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

The property interests in whom the Company has an option to earn an interest are in the exploration stages only, are without and may not result in any discoveries of commercial mineralization, and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines, the result being the Company will be forced to look for other exploration projects. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.