

QUADRO RESOURCES LTD.

(the “Company” or “Quadro”)

FORM 51-102F1

MANAGEMENT DISCUSSION & ANALYSIS FOR THE YEAR ENDED JULY 31, 2019

The following management discussion and analysis (“MD&A”) has been prepared by management as of November 28, 2019 and should be read in conjunction with the audited financial statements of the Company and related notes for the year ended July 31, 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

OVERVIEW

Quadro Resources Ltd. was incorporated under the laws of British Columbia and currently trades on the TSX Venture Exchange (the “TSX-V”). The Company's principal business activity is the exploration and development of mineral properties.

On June 6, 2017, the Company entered into an agreement with Metals Creek Resources Corp. (“Metals Creek”) and Benton Resources Inc. (“Benton”) whereby the Company was granted an option to acquire a 100% interest in the Staghorn property, located in Newfoundland and Labrador, as well as all their rights to the Rose Gold property which comprised of certain mineral claims contiguous to the Staghorn property. The Company issued 8,000,000 common shares (with a fair value of \$800,000) to Metals Creek and Benton and earned a 100% interest in the Staghorn property. To earn a 100% interest in the Rose Gold property, the Company is required to make cash payments of \$42,500 (\$12,500 paid) and issue 450,000 common shares (150,000 common shares issued with a fair value of \$8,500) over a three-year period. During the year ended July 31, 2019, the Company decided not to proceed with the Rose Gold option agreement and accordingly wrote off the capitalized acquisition costs of \$21,000.

During the year ended July 31, 2018, the Company acquired a one-third interest in the Conche property on the Great Northern Peninsula, Newfoundland and Labrador by staking. On July 3, 2018, the Company entered into an option agreement with Metals Creek and Benton, whereby the Company has an option to acquire a one-third interest held by each of Metals Creek and Benton in the Conche property. To exercise the option, the Company is required to issue one million shares to each of Metals Creek and Benton over an 18-month period (400,000 common shares issued). Based on the initial exploration results, the Company decided not to proceed with the option agreement and accordingly wrote off the capitalized acquisition and exploration costs of \$26,186 during the year ended July 31, 2019. The Company still retains its one-third interest in the Conche property.

In addition, the Company holds two claim blocks totaling 122 claim units in the St. Anthony area on the Great Northern Peninsula, Newfoundland and Labrador for \$21,177.

MINERAL EXPLORATION ACTIVITIES

Staghorn Project, Newfoundland

The Staghorn Gold Project consists of 281 claim units (70.25 sq km) located in southwestern Newfoundland, covering a thirty-kilometer strike length of the gold rich Cape Ray Fault. This structure hosts a number of significant gold deposits including Marathon Gold's Valentine Lake deposit (indicated and measured resources of 2.69 million oz Au and inferred resources of 1.53 million oz Au), located 30 kilometers to the northeast.

The Staghorn project known zones include the Woods lake zone, drilling of 6.18 grams per ton (gpt) gold (Au) over 5.11 meters (m), (see MEK news release 02 Dec 2009), Ryan's Hammer, 27.80gpt Au in grabs, (see MEK/BEX news release 05 September 2015), Glimmer, 196.7gpt Au in grabs, (see MEK news release 11 May 2010), Rich House, visible gold -189gpt Au in grabs (see MEK/BEX news release 01 September 2015) and the new Rose discovery of up to 18.86 gpt Au in the Rose Zone (see MEK/BEX news release 12 April 2017).

In November and December 2017, the Company completed a diamond drill program on the property. The nine-hole drill program totaling 1466 meters was limited to testing the Woods Lake Zone area located in the centre of the property. The program confirmed that Wood Lake Zone consists of strongly altered felsic porphyry with variable quartz veining and pyrite/arsenopyrite mineralization. Assay results confirmed that the altered porphyry is highly anomalous in gold with values ranging between 0.325 g/t Au over 32.5 m to 0.942 g/t Au over 4.4 m. Details of the drilling results can be found in the Company's news release on January 31, 2018.

In March 2018, results were received from a soil sampling program (approx 800 samples) designed to cover areas of high gold potential which were not previously sampled. The results outlined a new, 1.6 km long gold-in-soil anomaly with a peak value of 7,233 ppb gold. The strongest part of the anomaly is within a 500 m by 125 m area defined by a number of samples assaying greater than 100 ppb Au. The anomaly is coincident with a strong magnetic low and is located on the northeast part of the property approximately 1000 m west of the high-grade Ryan's Hammer mineralization.

A field program consisting of excavator trenching, additional sampling and data compilation was completed in July 2018 and a five-hole diamond drill program with a total of 887 metres of drilling was completed in November 2018. The drill program targeted previously untested portion of the Cape Ray Fault Zone to the northeast of the Woods Lake Zone closer to the Marathon's Valentine Lake deposit. Highlights from the drilling was the intersection of a 50-metre-wide graphitic schist/breccia zone carrying anomalous gold including 0.94 gpt Au over 3.0 metre. Details of the drilling results can be found in the Company's news release on February 13, 2019. The Company is planning a 2,400-meter drill program for fall, 2019 or winter, 2020.

Conche Property/Gunners Cove Property, Newfoundland

The Company staked two claim blocks in the St. Anthony area on the Northern Peninsula, Newfoundland and Labrador. The two blocks (Pistolet and Cape Rouge) total 122 claim units (30.5 sq km) and cover a portion of a black argillaceous shale unit which is analogous to the geology which hosts White Metals Resources new gold discoveries (see WHM-TSX.V press release dated November 20, 2017). The Quadro claims were isolated for staking based on the favourable geology and coincident Ag-in-lake sediment anomalies. The White Metals recent discoveries consist of highly anomalous gold within pyritic black shales found over a 15 sq km area and has initiated a heavy amount of staking by White Gold and other companies. Preliminary prospecting and sampling were carried out in June and August on the two areas.

During reconnaissance prospecting on crown land, led by three personnel of Quadro, Metals Creek and Benton, a new galena, copper, zinc and fluorite zone was discovered over a potential strike length of greater than 300 meter. Assay results had highs of 192 g/t Ag, 15.5% Pb, 0.45% Cu and 0.26% Zn. Quadro, Metals Creek and Benton decided to jointly stake the Conche property (new claim license of 41 units) with each company holding a one-third interest in the claims. The jointly staked ground is tied onto the south side of Quadro's 100% owned Cape Rouge claim license (15.75 sq. km). The newly discovered lead-silver mineralization is located within a strong north-south striking deformation zone and is located 1.2 km due south of the 100% owned Quadro claim. Subsequently, an option agreement was signed whereby Quadro would have the option to earn a 100% interest in the property. Follow-up work on the option was initiated in August. Mineralization, assaying up to 3.7 g/t Au was discovered 1.2 km north of the initial Conche showing, on the north end of the mineralized trend. Based on these initial exploration results, the Company decided not to proceed with the option agreement and the claim has reverted to a one-third interest for each of Metals Creek, Benton and Quadro, with Quadro retaining operatorship. A follow-up soil sampling program and prospecting/geological mapping is proposed. The Company holds 100% interest in two claim blocks totaling 122 claim units in the St. Anthony area on the Great Northern Peninsula.

Qualified Person

The technical contents in this document have been reviewed and approved by Wayne Reid, P. Geo., VP Exploration for Quadro, a qualified person as defined by National Instrument (NI) 43-101.

SELECTED ANNUAL INFORMATION

The following table sets out selected financial information for the Company which has been derived from the Company's audited financial statements for the fiscal years ended July 31, 2019, 2018 and 2017.

	Fiscal 2019 (\$)	Fiscal 2018 (\$)	Fiscal 2017 (\$)
Revenues	-	-	-
Income (loss) from continuing operations	(314,157)	(357,826)	(84,374)
Net income (loss)	(314,157)	(357,826)	(84,374)
Income (loss) from continuing operations per share - basic and diluted	(0.01)	(0.02)	(0.02)
Net loss (loss) per share - basic and diluted	(0.01)	(0.02)	(0.02)
Total assets	1,609,614	1,836,637	120,449
Total non-current liabilities	-	-	-
Dividends	-	-	-

Factors That Affect the Comparability of the Annual Financial Data Disclosed Above

During fiscal 2019, 2018 and 2017, the Company incurred net losses of \$314,157, \$357,826, and \$84,374, respectively. The increase in loss during fiscal 2018 was mainly due to the increased corporate activities after the acquisition of the Staghorn property at the end of fiscal 2017. The total assets have increased at July 31, 2018 as a result of the acquisition of mineral property assets and the completion of \$1,375,850 financing. The loss for fiscal 2019 includes write-off of exploration and evaluation assets of \$47,186.

DISCUSSION OF OPERATIONS

Quadro is an exploration stage company and has no operating revenue. Expenditures related to exploration and evaluation assets are capitalized. During the year ended July 31, 2019, the Company incurred \$22,658 in acquisition costs and \$189,376 in exploration expenditures. The details of the mineral expenditures are included in the Note 5 to the financial statements.

During the year ended July 31, 2019, the Company incurred a net loss of \$314,157 compared to a net loss of \$357,826 for the year ended July 31, 2018. The loss in fiscal 2019 is mainly attributable to general operating expenses of \$219,793 (2018 - \$356,264) and write-off of exploration and evaluation assets of \$47,186 (2018 - \$nil). The general operating expenses excluding share-based payment expenses for the year ended July 31, 2019 were \$173,025 (2018 - \$213,707) and have decreased from the comparative period due to decreased acquisition and financing activities. Legal, filing, office, rent and travel expenses have decreased over the 2018 comparative period. Other significant expense items include:

- Accounting and audit of \$25,114 (2018 - \$22,894) relate to accounting, audit and tax compliance work.
- Management fees of \$96,000 (2018 - \$90,000) relate to fees to the Company's President and Chief Financial Officer.

Share-based payment expenses of \$46,768 (2018 - \$142,557), a non-cash charge, are the estimated fair value of the portion of stock options granted and vested during the period. The Company used the Black-Scholes option pricing model for the fair value calculation.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended on July 31, 2019.

	For the Three Months Ending							
	Fiscal 2019				Fiscal 2018			
	Jul. 31, 2019	Apr. 30, 2019	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018	Apr. 30, 2018	Jan. 31, 2018	Oct. 31, 2017
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(126,282)	(79,574)	(51,980)	(56,321)	(86,586)	(98,429)	(113,831)	(58,980)
Net income (loss)	(126,282)	(79,574)	(51,980)	(56,321)	(86,586)	(98,429)	(113,831)	(58,980)
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Net income (loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)

FOURTH QUARTER

In the fourth quarter ended July 31, 2019, the Company incurred a net loss of \$126,282 (2018 - \$86,586). The current period's loss was mainly caused by general administrative expenses of \$48,104 (2018 - \$85,024) and flow through penalty of \$44,000 (2018 - \$Nil). The general operating expenses excluding share-based payment expenses for the quarter ended July 31, 2018 were \$54,680 (2018 - \$51,982). Factors affecting the loss for the current quarter are similar to those explained under the "Discussion of Operations" Section.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2019, the Company had a cash balance of \$161,105 compared to \$522,702 as at July 31, 2018. The Company had working capital of \$115,484 as at July 31, 2019 compared to working capital of \$526,221 as at July 31, 2018.

During the year ended July 31, 2019, the cash balance decreased by \$361,597 (2018 - increase by \$406,132). The Company spent \$136,269 (2018 - \$340,013) in operating activities and \$287,864 (2018 - \$386,312) on its exploration assets. During the year ended July 31, 2019, the Company received \$62,536 (2018 - \$44,767) of government grant on its exploration activities. No cash (2018 - \$1,132,457) was provided by financing activities during fiscal 2019.

Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. However, management believes that it has sufficient working capital to fund its operations for the next twelve months. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The Company's financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Included in amounts due to related parties are \$5,294 (July 31, 2018 - \$5,294) related to services rendered to the Company by a company controlled by a former director of the Company and \$4,250 (July 31, 2018 - \$4,250) in advances from the President of the Company. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in receivables are \$6,244 (July 31, 2018 - \$1,575) of rental recovery due from a sublease office tenant of which the Chief Financial Officer of the Company is the Chief Financial Officer.

Included in prepaid expenses are \$8,400 (July 31, 2018 - \$8,000) of management fees advanced to the President and Chief Financial Officer of the Company.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the years ended July 31 is as follows:

	2019	2018
Management fees	\$ 96,000	\$ 90,000
Share-based payments	40,172	\$ 122,453

The Company entered into the following related party transactions during the year ended July 31, 2019:

- a) Paid or accrued management fees of \$72,000 (2018 - \$72,000) to a company controlled by the President of the Company for management services provided.
- b) Paid or accrued management fees of \$24,000 (2018 - \$18,000) to the Chief Financial Officer of the Company for management services provided.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

- (1) Authorized: Unlimited common shares without par value.
- (2) As at November 28, 2019, the Company has 27,927,094 common shares and 1,950,000 stock options issued and outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carryforwards. Changes in these assumptions could materially affect the recorded

amounts, and therefore do not necessarily provide certainty as to their recorded values.

FINANCIAL INSTRUMENTS

With the adoption of IFRS 9, the Company has classified cash as FVTPL, and receivables, trade and other payables and amounts due to related parties at amortized cost.

As of July 31, 2019, and 2018, the carrying amounts of receivables, trade and other payables, and amounts due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with its cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The Company's receivables consist of rental recovery due from a sublease office tenant and sales tax recoverable due from the Canadian government. Management does not expect these counterparties to fail to meet their obligations. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2019, the Company had a cash balance of \$161,105 to settle trade and other payables of \$89,641 and due to related parties of \$9,544. The Company's trade and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

RISKS AND UNCERTAINTIES

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Specific items include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares will be required to fund its activities. There can be no assurance that it will be able to do so in the future.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting policies

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual years beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) is a new standard on revenue that superseded the following standards: IAS 11 – Construction Contracts; IAS 18 – Revenue; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. This standard has been assessed to not have a significant impact on the Company’s financial statements.

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments (“IFRS 9”) is a new standard on financial instruments that replaced IAS 39 – Financial Instruments: Recognition and Measurement. The standard addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. This standard has been assessed to not have a significant impact on the Company’s financial statements.

Future change

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2019, or later periods. The Company has not applied these new standards in preparing these financial statements. The following pronouncement is considered by the Company to be the most significant of several pronouncements that may affect the financial statements in future periods

IFRS 16 – Leases

IFRS 16 – Leases (“IFRS 16”) is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract: the lessee and the lessor. IFRS 16 eliminates the classification of leases as either operating or finance leases, as is currently required by IAS 17 – Leases, and instead introduces a single lessee accounting model. This standard is effective for years beginning on or after January 1, 2019. The Company does not have any leases and does not expect any significant impact of adopting IFRS 16 on its financial statements.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

ADDITIONAL INFORMATION

Additional information is available concerning the Company and its operations on SEDAR at www.sedar.com and on the Company web site at www.quadroresources.com.

APPROVAL

The Board of Directors of Quadro Resources Ltd. has approved the contents of this MD&A on November 28, 2019.