

# **QUADRO RESOURCES LTD.**

(the “Company” or “Quadro”)

FORM 51-102F1

## **MANAGEMENT DISCUSSION & ANALYSIS**

FOR THE THREE MONTHS ENDED OCTOBER 31, 2020

The following management discussion and analysis (“MD&A”) has been prepared by management as of December 15, 2020 and should be read in conjunction with the unaudited interim financial statements and related notes of the Company for the three month period ended October 31, 2020, and the audited financial statements of the Company and related notes for the year ended July 31, 2020. 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”) under the symbol “QRO”, on the OTCQB under the symbol “QDROF”, and on the Frankfurt Stock Exchange under the symbol “G4O2”. The Company's principal business activity is the exploration and development of mineral properties.

The Company holds a 100% interest in the Staghorn property, located in Newfoundland and Labrador, through a purchase agreement with Metals Creek Resources Corp. (“Metals Creek”) and Benton Resources Inc. (“Benton”) in 2017. In addition, the Company holds a 100% interest in the Costigan Lake property located in central Newfoundland, which was acquired by staking. In November 2019 the Company entered into an option agreement to acquire a 100% interest in the Long Lake property, located in Newfoundland and Labrador, by making staged cash payments totaling \$100,000 (\$10,000 paid) and share issuances totaling 5,000,000 common shares over three years (500,000 common shares issued). The Staghorn property together with the Costigan Lake property and the Long Lake property form the Company's Victoria Lake Project.

In February 2020, the Company entered into a letter of intent (“LOI”) whereby the Company has the option to acquire a 70% interest in the Seagull Lake property near Thunder Bay, Ontario, by making staged cash payments totaling \$275,000 (\$50,000 paid), issuing 6,500,000 common shares (1,000,000 common shares issued) and spending \$1,550,000 of exploration expenditures over three years. Upon the Company earning the 70% interest, the Company and the optionor will form a joint venture for the further development of the property.

On October 8, 2020, the Company signed a LOI with Metals Creek to earn a 100% interest in the Careless Cove and Yellow Fox properties in Newfoundland. To exercise its option, the Company is required to pay Metals Creek a total \$100,000 (\$15,000 paid) and 1,500,000 common shares of the Company (300,000 shares issued) over three years.

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. The Company also retains one-third interest in the Conche property located on the Great Northern Peninsula, Newfoundland, and Labrador.

## IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

The health and economic effects of this pandemic have been catastrophic. While the Company is a development stage enterprise and is not reliant on revenue streams to fund operations, the effects of the pandemic will no doubt impact the Company's operations moving forward as the world's health authorities and governments navigate through these unprecedented times. Below is a discussion on key areas the Company has been impacted and how it intends to manage both the short and long-term challenges presented.

### *Health and Safety of Employees*

The health and safety of the Company's employees is paramount. As such the Company, through the advice of Canadian health authorities, adopted a work-from-home policy for all employees in order to adhere to social distancing recommendations and keep employees healthy. The Company will continue to follow these recommendations until such time as authorities update employers on next steps. In addition, the Company has suspended field activities temporarily in some cases and modified field work substantially in others in order to comply with recommendations. As restrictions are lifted, the Company will re-evaluate its own policies on office re-opening and field activities in order to ensure continued health and safety of employees and the communities within which they operate.

### *Business and Supply Chain Interruption*

The Company relies heavily on contracted services to complete certain field exploration activities such as diamond drilling. The companies that provide these services have also been significantly impacted by the COVID-19 crisis in the form of operational shutdowns. These companies operate crews that are often in close proximity to each other, which presents health risks to these individuals. In addition, the Company's employees are often in close contact with these service providers as work is carried out compounding the risks. There are no alternatives to these services and therefore the risk does exist that the Company will not be able to conduct certain exploration initiatives for the foreseeable future. The Company will, however, endeavor to work closely with these service providers on safety protocols and distancing policies as restrictions are lifted to ensure the continued health and well-being of all personnel and to ensure that exploration related goals can be achieved safely. In the meantime, the Company will continue to compile information related to its projects and prepare plans in order to move forward in the field once it is feasible to do so.

### *Government Relief Measures*

The government of Canada has introduced several relief measures aimed at fiscal easing for both employers and employees alike. Many of the business-related relief measures were designed for companies that have suffered catastrophic declines in revenues from operations. As the Company does not have revenue from operations, many of these measures do not apply but the Company continues to monitor these programs and will pursue relief if practical and beneficial to do so.

### *Capital Management*

While the Company does not presently rely on revenues from operations given it is a development stage enterprise, it does rely solely on capital raised on the public equity markets in order to fund operations. The COVID-19 pandemic has created drastic volatility on the equity markets and as such will have a foreseeable negative impact on capital raising initiatives moving forward as economic growth projections have contracted significantly. While the Company feels it can effectively manage its capital in the short term, there is no guarantee that future fundraising attempts will be successful. In this case, the Company would look to alternative sources of capital such as disposition or option of non-core exploration assets to reduce exposure and preserve capital or through disposition of equity holdings at opportune times to replenish cash reserves.

### *Commodity Prices*

The COVID-19 pandemic has sharply contracted world demand of many commodities and as a result prices for these commodities have declined significantly. While the Company does not currently operate any producing mines, this commodity price volatility still impacts the valuations of exploration companies. It can hamper investor interest in capital

raising scenarios if the underlying commodities of interest in the property portfolio of the Company are out of favor.

#### *Guidance on Essential Services and Functions in Canada During the COVID-19 Pandemic*

Canada's National Strategy for Critical Infrastructure defines critical infrastructure as the processes, systems, facilities, technologies, networks, assets, and services essential to the health, safety, security or economic well-being of Canadians and the effective functioning of government. The Strategy classifies critical infrastructure in Canada according to ten sectors, including manufacturing businesses that ensure global continuity of supply of mining and mineral materials and products, and that support supply chains in Canada. This includes mineral exploration and development which is deemed an essential service.

The Company is an exploration-stage company and will adhere to all prescribed protocols, and as mining has been declared a critical industry the Company will be proceeding with its previously announced field programs preparatory to drilling.

## **MINERAL EXPLORATION ACTIVITIES**

### **Seagull Lake Property, Ontario**

The Seagull Lake Property is located one hour north of the city of Thunder Bay in Northwest Ontario and 28 kilometers north of the new copper, nickel, platinum, palladium discoveries of Rio Tinto and Magma Metals, now Panoramic Resources Ltd. The North American Palladium mine, the only primary producing palladium mine in Canada, is located 50 kilometers northwest of the Seagull Lake property.

The Seagull intrusion is described as being a 10 kilometers diameter circular intrusive that is composed of ultramafic rocks with a high olivine content that has been derived from a deep mantle source. Layering and multiple phases of intrusion have been recognized which creates a favorable setting for Norilsk-type sulphide accumulation. From the July 27, 2000 news release of Canadian Golden Dragon Resources Ltd. "This is the first cumulate PGE-Ni-Cu sulphide zone to the Company's knowledge to be identified in the Proterozoic ultramafic rocks of the Nipigon Plate and confirms that these intrusions have undergone an evolutionary process capable of generating large PGE copper-nickel deposits".

The Seagull Intrusion is also located in the Nipigon Plate, which is interpreted to represent the failed third arm of a Proterozoic-aged, mid-continent rift system, the bulk of which lies beneath Lake Superior. This rifting event is known to host significant Cu-Ni-PGE deposits such as the Duluth Gabbro Complex deposits (Dunka Road, Minnamax, Local Boy etc.) and the Great Lakes Nickel deposit. Three styles of PGE mineralization have been identified in the Seagull Intrusion: PGE-rich detrital "black sands", magnetite-PGE-rich layered "reef-type", and basal Cu-Ni-PGE-rich sulphide-bearing cumulates Norilsk-type. Although the detrital and reef-type mineralization was intersected in the initial drilling, the discovery of the Norilsk-type Cu-Ni-PGE-rich basal sulphide mineralization has become a focus of further exploration, producing grades of up to 3.6 g/t PGE, 0.34% Cu, 0.21% Ni over 2.1 meters, and 1.04 g/t PGE, 0.14% Cu, and 0.16% Ni over 16 meters. (After N Pettigrew, 2002.) Also it is important to note that the Seagull intrusion is highly anomalous in Rhodium, Iridium, Osmium and Ruthenium values (Rh, Ir, Os and Ru the rarer PGEs).

### **Victoria Gold Project, Newfoundland**

The Company's Victoria Lake Gold project is located in west-central Newfoundland and comprises the 100% owned Staghorn property, the Costigan Lake property (38 claim units) and the recently optioned Long Lake property.

#### Staghorn Gold property

The Staghorn Gold property consists of 148 claim units (37 sq km) located in southwestern Newfoundland, covering a fifteen 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 3.09 million oz Au and inferred resources of 0.96 million oz Au), located 30 kilometers to the northeast.

The Staghorn project known zones include Ryan's Hammer - 27.80gpt Au in grabs and drill hole 0.145 g/t Au over 50.0 m (see QRO news release 13 February 2019), the Rich House, visible gold -189gpt Au in grabs (see MEK/BEX news release 01 September 2015) and the new Marks Pond soil anomaly – up to 7,233 ppb gold-in-soil (see QRO news release 23 April 2018).

In November and December 2017, the Company completed a diamond drill program on the Woods Lake zone. The nine-hole

drill program totaling 1466 meters was limited to testing the Woods Lake Zone, located in the western part of the original Staghorn claim block. 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. Since then, the claim license covering this area was allowed to expire.

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 in 2020.

#### Long Lake Property

The Long Lake property consists of 202 claim units located along the northwest boundary of the Marathon Gold project within an under-explored belt of mineralized volcano-sedimentary and intrusive rocks. Highlights from the property include two areas of strong gold in soil and tills. The property provides an opportunity for new gold discoveries in the emerging Cape Ray Gold district and is complimentary to Quadro's Staghorn claims located 35 kilometers southeast.

The highlight of the property is the Tower Grid gold-in-till anomaly (4.53 g/t Au in heavy mineral concentrate) which has recovered gold grains consisting of mostly silt-sized pristine and modified grains which suggest that the samples were collected in close proximity to the source mineralization. An exploration program consisting of prospecting, geochemistry and excavator trenching is planned once field conditions allow and permitting is approved.

#### **Conche Property, Newfoundland**

The Company holds a one third interest in a six-unit claim license in the St. Anthony area on the Northern Peninsula, Newfoundland, and Labrador. Quadro is the operator of the project.

In June, 2018, reconnaissance prospecting carried out on crown land and led by three personnel of Quadro, Metals Creek and Benton discovered a new galena, copper, zinc and fluorite showing with strike length potential of greater than 300 meters. 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 and have subsequently reduced the property to six units covering the main showing. A follow-up soil sampling program and prospecting/geological mapping is proposed.

#### **Qualified Person**

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

#### **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 three months ended October 31, 2020, the Company incurred \$73,952 (2019 - \$nil) in acquisition costs and \$375,520 (2019 - \$ nil) in exploration expenditures. The details of the mineral expenditures are included in the Note 6 to the financial statements.

During the three months ended October 31, 2020, the Company incurred a net loss of \$115,287 compared to a net loss of \$31,710 for the three months ended October 31, 2019. The increase in general operating expenses was due to the increase in mineral property and corporate activities during the current quarter and the variance was mainly attributable to:

- Consulting fees of \$47,038 (2019 - \$329) include \$10,978 (2019 - \$329) to contract consultants for corporate and administrative work and \$36,060 (2019 - \$nil) to marketing advisory firms.
- Office and miscellaneous of \$12,443 (2019 - \$413) have increased from the comparative period due to the increase in mineral property and corporate activities in the 2020 quarter.
- Transfer agent and regulatory fees of \$16,679 (2019 - \$678) have increased from the comparative period due to the listing fees for the newly obtained listing on the OTCQB.

## 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 October 31, 2020.

	For the Three Months Ending							
	Fiscal 2021	Fiscal 2020				Fiscal 2019		
	Oct. 31, 2020	Jul. 31, 2020	Apr. 30, 2020	Jan. 31, 2020	Oct. 31, 2019	Jul. 31, 2019	Apr. 30, 2019	Jan. 31, 2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(115,287)	(481,603)	(94,635)	(62,805)	(31,710)	(126,282)	(79,574)	(51,980)
Net income (loss)	(115,287)	(481,603)	(94,635)	(62,805)	(31,710)	(126,282)	(79,574)	(51,980)
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net income (loss) per share - basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

## LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2020, the Company had a cash balance of \$315,837 compared to \$812,187 as at July 31, 2020. The Company had working capital of \$376,430 as at October 31, 2020 compared to working capital of \$871,027 as at July 31, 2020.

During the three months ended October 31, 2020, the cash balance decreased by \$496,350 (2019 - \$19,702). The Company spent \$149,886 (2019 - \$15,450) in operating activities, \$1,717 (2019 - \$2,182) on computer equipment purchase and \$357,747 (2019 - \$2,070) on its exploration assets. The Company received \$13,000 (2019 - \$nil) of net proceeds from share issuance through exercise of warrants.

### 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

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 three month periods ended October 31 is as follows:

	2020	2019
Management fees	\$ 25,500	\$ 24,000
Geological consulting fees	18,000	-

The Company entered into the following related party transactions during the three months ended October 31, 2020:

- a) Paid or accrued management fees of \$18,000 (2019 - \$18,000) to a company controlled by the Chief Executive Officer of the Company for management services provided.
- b) Paid or accrued management fees of \$7,500 (2019 - \$6,000) to the Chief Financial Officer of the Company for management services provided.
- c) Incurred geological consulting of \$18,000 (2019 - \$nil) to a company controlled by an officer of the Company.

## 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 December 15, 2020, the Company has 52,250,498 common shares, 2,275,000 stock options, and 12,924,452 warrants 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 carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

## FINANCIAL INSTRUMENTS

The Company has classified cash as FVTPL, and receivables, trade and other payables and amounts due to related parties at amortized cost.

As of October 31, 2020, 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 October 31, 2020, the Company had a cash balance of \$315,837 to settle trade and other payables of \$123,270 and due to related parties of \$5,000. 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.

#### *Operating Hazards and Risks*

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

### *Environmental Factors*

The Company currently conducts exploration activities in the Canadian Provinces of Newfoundland and Ontario. Such activities are subject to various laws, rules and regulations governing the protection of the environment. In Canada, extensive environmental legislation has been enacted by federal and provincial governments. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water.

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

The Company is able to conduct its exploration within the provisions of the applicable environmental legislation without undue constraint on its ability to carry on efficient operations. The estimated annual cost of environmental compliance for all properties held by the Company in the exploration stage is minimal and pertains primarily to carrying out diamond drilling, trenching or stripping. Environmental hazards may exist on the Companies properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties.

### *Governmental Regulation*

Exploration activities on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with company policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province in which it is carrying out work.

Mineral exploration primarily falls under provincial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters.

### *Additional Funding Requirements*

Further exploration on and development of, the Company's projects will require additional resources and funding. The Company currently does not have sufficient funds to fully develop these projects. In addition, any positive production decision, if achieved, would require significant funding for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

New accounting policies



There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted the Company's interim 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](http://www.sedar.com) and on the Company web site at [www.quadresources.com](http://www.quadresources.com).

## **APPROVAL**

The Board of Directors of Quadro Resources Ltd. has approved the contents of this MD&A on December 15, 2020.