Management's Discussion and Analysis

For the nine months ended September 30, 2020

The following Management's Discussion and Analysis ("MD&A") was prepared as at November 23, 2020 and provides a discussion and analysis of the financial condition and results of operations for the period ended September 30, 2020. This discussion should be read in conjunction with the Company's third quarter 2020 unaudited condensed interim financial statements and accompanying notes, and the audited annual financial statements and accompanying notes for the year ended December 31, 2019 and the related annual MD&A. The Company's third quarter 2020 unaudited condensed interim financial statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein.

References to the first, second, third and fourth quarters refer to the three months ended March 31, June 30, September 30 and December 31 of the respective years.

Goldstar is listed on the TSX Venture Exchange and trades under the symbol "GDM".

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. The Company's public filings can be reviewed under the Company's profile on the SEDAR website (www.sedar.com).

Benoit Moreau P.Eng., is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the scientific and technical disclosure in this MD&A.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information presented contains "forward-looking information" under applicable Canadian legislation, concerning the business, operations and financial performance and condition of the Company. Forward-looking information include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources; the realization of mineral reserve estimates; the timing and amount of estimated future exploration; costs of exploration; metal prices and demand for materials; capital expenditures; success of exploration and development activities; permitting time lines and permitting, mining or processing issues; government regulation of mining operations; environmental risks; and title disputes or claims. Generally, forward-looking statements and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate",, "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, unexpected events during operations; variations in ore grade; risks inherent in the mining industry; delay or failure to receive board approvals; timing and availability of external financing on acceptable terms; risks relating to international operations; actual results of exploration activities; conclusions of economic valuations; changes in project parameters as plans continue to be refined; and fluctuating metal prices and currency exchange rates. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information that is incorporated by reference herein, except in accordance with applicable securities laws.

Investors are advised that National Instrument 43-101 of the Canadian Securities Administrators requires that each category of mineral reserves and mineral resources be reported separately. Mineral resources that are not mineral reserves have not demonstrated economic viability.

THE COMPANY

Goldstar Minerals Inc. is a public Canadian natural resource exploration and development company. The Company is focused on developing deposits that contain gold and technology metals in leading mining jurisdictions in Canada. The Company holds four mining properties, these being the Lake George Property and the Victoria Lake Property located in the Province of New Brunswick and the Anctil Property and Nemenjiche Property located in the Province of Québec.

OVERVIEW AND OUTLOOK

An outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements.

These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Company has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

The Company is currently not able to access its properties in New Brunswick due to travel restrictions in response to the COVID-19 pandemic. As a result, the Company will focus on its Quebec properties in the interim.

On September 3, 2020, the Company completed a non-brokered private placement financing. The Company issued a total of 46,666,667 units at a price of $0.015 per unit and 30,000,000 flow-through shares at a price of $0.02 per share for aggregate gross proceeds of $1,300,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.02 until September 2, 2023. At closing, in respect to the subscriptions of units, the Company paid a cash finder's fee of $34,839 and issued finder's warrants exercisable to acquire 2,322,613 units at a price of $0.015 per unit until September 2, 2023. At Closing, in respect to the subscriptions of flow-through shares, the Company issued 1,780,000 common shares and finder's warrants exercisable to acquire 1,780,000 common shares at a price of $0.02 per share until September 2, 2023.

The proceeds raised from the issue of units are being used to retire trade payables, fund an upcoming option payment on the Anctil and Nemenjiche properties located in the province of Québec, and cover administrative overhead. The proceeds from the flow-through shares are being used to incur Canadian exploration expenses on the Anctil and Nemenjiche properties.

The Company is carrying out a prospecting campaign on both the Anctil and Nemenjiche properties stretching on both sides of the presumed position of the Druillettes syncline. In addition, the Company has initiated an airborne geophysics survey to be completed on both the Anctil and Nemenjiche properties. The Airborne campaign is to fly a total of approximately 1,100 line kilometres, 550 line kilometres on each property.

LAKE GEORGE PROPERTY:

1) Location and Status

The Lake George Property consists of a total of 199 claims and is located approximately 40 km west of Fredericton, New Brunswick. The Property is adjacent to the past producing Lake George antimony mine and is close to existing infrastructure. The Property comprises a 100% interest in 153 claims covering approximately 3,298 hectares (32.98 km^2) which were acquired by staking, and an option on 46 claims (the “Optioned Property”) pursuant to the Option Agreement described below.

On February 6, 2014 the Company entered into a Mineral Option and Sale Agreement (“Option Agreement”) with Charles Morrissy (“Morrissy”) to acquire a 90% interest in 46 claims covering an area of 918 hectares (9.18 km^2). To date Morrissy has received cash payments of $375,000 and 1,600,000 shares of Goldstar. Under the Option Agreement, as amended, in order to complete the acquisition of a 90% interest in the Optioned Property, Goldstar owes Morrissy $200,000 payable in two installments of $100,000. As discussed under “Overview and Outlook”, the Company is currently not able to access its properties in New Brunswick due to travel restrictions in response to the COVID-19 pandemic. As a result, terms are being negotiated and the Company will focus on its Quebec properties in the interim.

Under the Option Agreement the Company can increase its interest in the Optioned Property to 95% by a further payment of $1,000,000 upon Commercial Production, and to 100% by an additional payment of $2,000,000 to be made 24 months following Commercial Production.

VICTORIA LAKE PROPERTY:

1) Location and Status

The Victoria Lake property consists of a total of 214 claims. The property comprises a 100% interest in 166 claims covering approximately 3,764 hectares (37.64 km^2) which were acquired by staking, and an option on 48 claims (the “Optioned Property”) pursuant to the Option Agreement described below.

On April 14, 2017, the Company entered into a Mineral Option and Sale Agreement (“Option Agreement”) with Campfire Resources Ltd and Southfield Resources Ltd (the "Owners") with respect to the Victoria Lake Property, consisting of 48 claims and covering an area of 1,089 hectares (10.89 km^2). The Optioned Property is located within the Clarendon, Lepreau and Pennfield Parishes of Charlotte County in New Brunswick at approximately 50 km south of Fredericton. The Option Agreement provides for the acquisition of an undivided interest of 100% in the Optioned Property. To date, the Owners have received cash payments of $90,000. Under the Option Agreement, as amended, in order to complete the acquisition of a 100% interest in the Optioned Property, Goldstar owes the Owners $160,000 payable in three installments of $50,000, $50,000, and $60,000. As discussed under “Overview and Outlook”, the Company is currently not able to access its properties in New Brunswick due to travel restrictions in response to the COVID-19 pandemic. As a result, terms are being negotiated and the Company will focus on its Quebec properties in the interim. Upon exercise of the option, Goldstar shall grant to the Owners a net smelter return royalty ("NSR") of 2% from production derived from the Property of which 50% of royalties can be purchased back by Goldstar at any time by paying to the Owners the amount of $1,000,000. Until the option is exercised, the Company shall solely fund any exploration expenditures on the Optioned Property.

ANCTIL AND NEMENJICHE OPTION AGREEMENT:

On December 10, 2019, the Company entered into a Mineral Option and Purchase Agreement ("Option Agreement") with Les Ressources Tectonic Inc. (the "Owner") with respect to the Anctil and Nemenjiche Properties (the "Optioned Properties"). The Option Agreement provides for the acquisition of an undivided interest of 100% in the Optioned Properties by paying the Owner in the aggregate an amount of $570,000 in cash payments and by incurring in the aggregate an amount of 2,200,000 in exploration expenditures over a three year period, according to the following schedule, including $50,000 that was paid at closing on February 15, 2020.

Date	Cash Payments	Exploration expenditures to be incurred
February 15, 2020	$50,000	-
December 10, 2020	$100,000	$300,000
December 10, 2021	$120,000	$700,000
December 10, 2022	$300,000	$1,200,000
Total	$570,000	$2,200,000

Upon exercise of the Option, Goldstar shall grant to the Owner a net smelter return royalty ("NSR") of 2% from production derived from the Properties of which royalty 100% can be purchased back by Goldstar for cancelation at any time by paying to the Owner the amount of $5,000,000. Until the Option Agreement is exercised or terminated, Goldstar shall solely fund any exploration expenditures on the Properties.

ANCTIL PROPERTY:

The Anctil property consists of a total of 66 claims. The property comprises a 100% interest in 35 claims covering approximately 1,953 hectares (19.53 km^2) which were acquired by staking, and an option on 31 claims (the "Optioned Properties") pursuant to the Option Agreement described above, covering an area of approximately 1,731 hectares (17.31 km^2) . As per the Option Agreement, since the staked claims were staked within 5 km of the Optioned Properties, these claims are subject to the agreement.

The Company mobilized to the Anctil property to carry out a prospecting campaign where potential target areas will be prospected in a systematic fashion.

The Company initiated a detailed airborne geophysics survey. The airborne campaign is to fly approximately 550 line kilometres. The survey will be helicopter borne VTEM and will include horizontal magnetic gradiometer. VTEM is a very useful and high-accuracy technology for mapping lateral and vertical variations in resistivity. Potential shear-hosted gold targets that are structurally controlled and marked by magnetic lows can be successfully identified by the horizontal magnetic gradiometer. The combination of both the prospecting and the airborne survey will allow the Company to define the next steps to be taken.

NEMENJICHE PROPERTY:

The Nemenjiche property consists of a total of 72 claims. The property comprises a 100% interest in 30 claims covering approximately 1,679 hectares (16.79 km^2) which were acquired by staking, and an option on 42 claims (the "Optioned Properties") pursuant to the Option Agreement described above, covering an area of approximately 2,351 hectares (23.51 km^2). As per the Option Agreement, since the staked claims were staked within 5 km of the Optioned Properties, these claims are subject to the agreement.

The Company completed an initial prospecting campaign on the Nemenjiche property, covering a target area of approximately 6 square kilometres, creating a systematic grid for detailed mapping and sampling of outcrops. Several structures containing sulfide mineralization have been discovered. Prospecting efforts have resulted in 130 samples which will be sent for assay. The Company expects to receive results from the assays in the fourth quarter.

The Company initiated a detailed airborne geophysics survey. The airborne campaign is to fly approximately 550 line kilometres. The survey will be helicopter borne VTEM and will include horizontal magnetic gradiometer. VTEM is a very useful and high-accuracy technology for mapping lateral and vertical variations in resistivity. Potential shear-hosted gold targets that are structurally controlled and marked by magnetic lows can be successfully identified by the horizontal magnetic gradiometer. The combination of both the prospecting and the airborne survey will allow the Company to define the next steps to be taken.

SUMMARY OF QUARTERLY RESULTS

	Net Income (Loss)	Basic and diluted earnings (loss) per share
September 30, 2020	207,897	0.01
June 30, 2020	(33,444)	(0.01)
March 31, 2020	(90,042)	(0.01)
December 31, 2019	(94,844)	(0.01)
September 30, 2019	(44,230)	(0.01)
June 30, 2019	(141,463)	(0.01)
March 31, 2019	(138,560)	(0.01)
December 31, 2018	(235,328)	(0.01)
September 30, 2018	(107,923)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company finances its operations mainly through the sale of its shares.

As at September 30, 2020, the Company had cash and cash equivalents of $872,808 compared to $75,251 as at December 31, 2019. The Company had working capital as at September 30, 2020 of $183,254 compared to a deficiency of ($761,246) at December 31, 2019.

On September 3, 2020, the Company completed a non-brokered private placement financing. The Company issued a total of 46,666,667 units at a price of $0.015 per unit and 30,000,000 flow-through shares at a price of $0.02 per share for aggregate gross proceeds of $1,300,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.02 until September 2, 2023. At closing, in respect to the subscriptions of units, the Company paid a cash finder's fee of $34,839 and issued finder's warrants exercisable to acquire 2,322,613 units at a price of $0.015 per unit until September 2, 2023. At Closing, in respect to the subscriptions of flow-through shares, the Company issued 1,780,000 common shares and finder's warrants exercisable to acquire 1,780,000 common shares at a price of $0.02 per share until September 2, 2023.

On September 3, 2020, the Company settled the outstanding loans to a director by completing a share settlement transaction pursuant to which the Company issued 25,000,000 common shares at a price of $0.02 per share in settlement of the debt in the amount of $500,000. Furthermore, the Company repaid $16,936 of the remaining loans plus $546 of interest. There is nothing owing to this director.

On September 18, 2020, the Company completed a share settlement transaction with a creditor to settle a debt in the amount of $70,000. The Company issued 3,500,000 units at a price of $0.02 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.05 until September 17, 2023.

Management expects that the working capital available to the Company at the end of the period will not provide the Company with adequate funding to cover its budgeted general administrative expenses and to meet its short-term obligations for the next twelve months, and to complete a 2021 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2021. While the Company has been successful in securing financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future.

RESULTS OF OPERATIONS

<u>For the period ended September 30, 2020 compared to the period ended September 30, 2019:</u>

The Company recorded an income of $84,411 or $0.01 earnings per share for the nine-month period ended September 30, 2020 compared to a loss of ($324,253) or ($0.01) loss per share for the period ended September 30, 2019. This is the result of a non-cash $272,206 other income related to flow-through shares. Expenses for the period ended September 30, 2020 amounted to $158,348 compared to $370,203.

The decrease in expense originates from a decrease of $182,033 in general and administrative expenses. This decrease was mainly due to a reduction in corporate salaries as well as investor and shareholder relations. Furthermore, the decrease in expense originates from a decrease of $29,822 in professional and consulting fees.

The Company holds 23,858 common shares of Lucky Minerals Inc. ("Lucky") (2019 – nil). At September 30, 2020, these shares had a fair market value of $3,340 and the company recorded a non-cash change in fair value of said securities of $239.

During the period, Goldstar spent $348,522 (2019 - $609,528), before write-offs, tax credits and government grants, on mining properties and exploration and evaluation assets. The table below details the nature of expenditures.

	Lake George Property New Brunswick	Victoria Lake Property New Brunswick	Anctil Property Québec	Nemenjiche Property Québec	Total
	$	$	$	$	$
Mining properties					
Balance, December 31, 2019	506,449	121,850	2,284	1,958	632,541
Option payments	-	-	28,767	21,233	50,000
Claim staking and renewal	600	(5,100)	913	-	(3,587)
Balance, September 30, 2020	507,049	116,750	31,964	23,191	678,954
Exploration and evaluation assets					
Balance, December 31, 2019	1,926,984	97,638	9,922	174	2,034,718
Geophysics	-	2,401	93,648	84,283	180,332
Assays	1,742	-	-	-	1,742
Salaries and consultant fees	247	-	36,761	54,180	91,188
Field expenses	137	-	2,011	23,574	25,722
43-101 report	-	-	3,125	-	3,125
Mining and resource tax credits	-	-	(10,630)	-	(10,630)
Balance, September 30, 2020	1,929,110	100,039	134,837	162,211	2,326,197

	Lake George Property New Brunswick	Victoria Lake Property New Brunswick	Total
	$	$	$
Mining properties			
Balance, December 31, 2018	401,859	77,040	478,899
Option payments	100,000	40,000	140,000
Claim staking and renewal	4,590	4,810	9,400
Balance, September 30, 2019	506,449	121,850	628,299
Exploration and evaluation assets			
Balance, December 31, 2018	1,430,449	77,664	1,508,113
Drilling	272,460	-	272,460
Geophysics	7,363	-	7,363
Geology	-	999	999
Assays	27,621	-	27,621
Salaries	127,478	18,975	146,453
Field expenses	5,232	-	5,232
Government grants	(34,000)	-	(34,000)
Balance, September 30, 2019	1,836,603	97,638	1,934,241

CASH FLOWS

Cash flows used in operating activities were $307,259 during the period ended September 30, 2020 compared to $98,759 for the period ended September 30, 2019.

Cash used in investing activities was $112,079 during the period ended September 30, 2020 compared to $591,528 for the period ended September 30, 2019.

Cash flows from financing activities were $1,216,895 during the period ended September 30, 2020 compared to $920,936 for the period ended September 30, 2019.

TRANSACTIONS WITH RELATED PARTIES

Transactions with key management personnel

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

An officer and a director of the Company is a partner of Colby Monet L.L.P., a law firm which has rendered legal and consulting services in the amount of $10,935 (2019 - nil), charged to professional and consulting fees, as well as with respect to financing in the amount of $79,825 (2019 - $26,810) charged to share issue expenses totaling an aggregate amount of $90,760 (2019 - $26,810). As at September 30, 2020, the accounts payable include $108,267 (2019 - $33,972) owed to this legal firm.

On February 18, March 2, March 6, 2020, and July 8, 2020, a director of the Company loaned the respective amounts of $5,000, $6,000, $10,000 and $3,000 to the Company. These loans bear interest at a rate of 10% per annum and are repayable on demand. Outstanding loans from a director of the Company, due on demand, totaled $439,000 and interest accrued amounted to $78,482. On September 3, 2020, the Company settled the outstanding loans to a director by completing a share settlement transaction pursuant to which the Company issued 25,000,000 common shares at a price of $0.02 per share in settlement of the debt in the amount of $500,000. Furthermore, the Company repaid $16,936 of the remaining loans plus $546 of interest. As at September 30, 2020, there is nothing owing to this director.

These transactions, made in the normal course of business, were measured at the exchange amount, which is the amount established and agreed to by the parties.

OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares of which 220,125,980 were issued and outstanding as at November 23, 2020. As of such date, the Company also had outstanding options to purchase a total of 4,975,000 shares at $0.10 per share and warrants to purchase a total of 63,549,280 shares ranging between $0.015-$0.05 per share.

CAPITAL MANAGEMENT

The capital of the Company consists of its share capital, options and warrants. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather, relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in properties with sufficient geologic or economic potential if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. There were no changes in the Company's approach to capital management during July 1st to September 30th 2020 and 2019. The Company is not subject to externally imposed capital requirements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

-Going concern;

-Recognition and measurement of refundable credits on mining duties and tax credits related to resources;

-Recoverability of mining properties and exploration and evaluation assets;

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than the reporting period. These updates are not expected to have a significant impact on the Company and are therefore not discussed herein.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2020. Based on that evaluation, the officers have concluded that as at that date, such disclosure controls and procedures contain a material weakness due to inadequate segregation of duties between the authorization, recording, review and reconciliation of purchases and sales and recording of cash receipts and bank account reconciliations. This material weakness has the potential to result in a material misstatement in the Company's financial statements, and should also be considered a material weakness in its internal control over financial reporting. The management and board of directors have concluded and agreed that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer of the Company have designed, or have caused to be designed under their supervision, internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's internal control over financial reporting as at September 30, 2020. Based on that evaluation, the officers have concluded that as at that date, such internal control over financial reporting contains a material weakness due to inadequate segregation of duties as previously mentioned in "Disclosure controls and procedures". The management and board of directors have concluded and agreed that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time.

There has been no change in the Company's internal control over financial reporting that occurred during the period beginning on July 1st, 2020 and ended September 30th, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at September 30, 2020 and December 31, 2019 were as follows:

September 30, 2020	Amortized cost	Fair value through profit or loss	Amortized cost	Total
Cash and cash equivalents	872,808			872,808
Other receivables	48,907			48,907
Marketable securities		3,340		3,340
Accounts payable and accrued liabilities			476,405	476,405
Liability related to flow-through shares			309,644	309,644
Loan payable			40,000	40,000

December 31, 2019	Amortized cost	Fair value through profit or loss	Amortized cost	Total
Cash and cash equivalents	75,251			75,251
Other receivables	47,654			47,654
Marketable securities		3,579		3,579
Accounts payable and accrued liabilities			477,672	477,672
Due to related parties			415,000	415,000

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

Fair Value

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring the Company to develop its own assumptions.

FINANCIAL RISK FACTORS

The Company is exposed to various financial risks resulting from both its operations and its investment activities as well as external factors out of its control. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main risk exposure and its financial risk management policies are as follows:

(a) Fair value:

Fair value estimates are made based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, other receivables, accounts payable and accrued liabilities, due to related parties and loan payable on the statements of financial position approximate fair values because of the short-term nature of these instruments.

As at September 30, 2020, the Company held marketable securities consisting of 23,858 common shares of Lucky Minerals Inc. ("Lucky") carried at a fair value of $3,340. These marketable securities were classified as Level 1 within the fair value hierarchy.

(b) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions.

(c) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company had a cash balance of $872,808 (December 31, 2019 - $75,251) to settle current liabilities of $786,049 (December 31, 2019 - $892,672). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) COVID-19:

An outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets at the date of completion of the financial statements.

These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Company has taken and will continue to take action to minimize the impact. However, it is impossible to determine the financial implications of these events for the moment.

COMMITMENTS AND CONTINGENCIES

The Company has commitments under the terms of operating leases for its premises. Minimum lease payments are as follows

	September 30 2020	December 31 2019
One year and less	$ -	$ 18,672

The lease contract is a standard industry contract. The lease for the premises is based on square footage.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is committed to incur eligible exploration and evaluation expenses of $600,000 by December 31, 2021 related to its flow-through share financings completed in 2020. As at September 30, 2020, the Company has incurred $280,697 of eligible expenses.

However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors of the Company.

In such event, the Company will indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

OFF BALANCE SHEET ITEMS

The Company does not have any off balance sheet items.

November 23, 2020