



DELTA RESOURCES LIMITED
(formerly Golden Hope Mines Limited)
(an exploration company)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2019 and 2018

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of results of operations and financial condition of Delta Resources Limited (formerly Golden Hope Mines Limited) ("Delta" or "the Company") describes the operating and financial results of the Company for the twelve-month periods ended December 31, 2019 and 2018. The MD&A supplements the Financial Statements of the Company and should be read in conjunction with Delta Audited Financial Statements and related notes for the years ended December 31, 2019 and 2018.

Forward-Looking Statements

This MD&A contains forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet such expectations of management. The use of any of the words "believe", "expect", "estimate", "will", "should", "intend" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes these expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements should not be unduly relied upon. The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A and, accordingly, is subject to change after such date. We expressly disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

Date of MD&A

This MD&A was prepared using information that is current as at March 26, 2020, unless otherwise stated.

Company Overview

Delta Resources Limited is focused on growing shareholder value through the acquisition, exploration, and development of potential gold and base metal projects in Canada. Currently, Delta has three exploration projects: the Delta-1 Project in the Thunder Bay district of Ontario, the Delta-2 project in the Chibougamau Mining district of Quebec and the Bellechasse-Timmins project located in the Beauce Region of Southeastern Quebec. All projects are located in Canada. The Bellechasse-Timmins gold deposit was inherited from Golden Hope Mines Limited and is currently being evaluated by the new management of the Company for its potential. The Company is also evaluating new projects for possible acquisitions.

Summary Highlights

Golden Hope Mines Limited changed its name to Delta Resources Limited on June 28, 2019. A new management team was put in place and two new directors were elected to the Board of Directors by its shareholders. Since then, the new management has been reviewing the potential of its 100% owned Bellechasse-Timmins Gold Project but priority was given to acquiring new, high potential exploration properties in Canada.

On October 2nd, 2019, the Company acquired its Delta-1 - Eureka property in the Thunder Mining District of Ontario. The property consists of 245 contiguous unpatented mining claims covering a total area of 4,495 hectares, which includes a new gold prospect called Eureka. In November 2019, Delta carried out a high-resolution drone magnetic survey on the eastern part of the property and completed a drill program of 6 drill holes for a total of 1,009 metres. The reader will find more details on this work in the "Discussion of Operations" section below.

On October 16, 2019, the Company acquired its Delta-2 - R 14 property in the Chibougamau Mining District of Quebec. The property consists of 237 contiguous mining claims (transfer in progress) covering a total area of 12,650 hectares, which includes the R-14 gold prospect. In October and November 2019, two new gold occurrences were discovered during a two-week prospecting program. In February 2020, a large helicopter borne VTEM geophysical survey was completed on the central part of the property. The reader will find more details on this work in the "Discussion of Operations" section below.

Subsequent events

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating in future periods.

In January, 2020 the Company announced that it has signed a Letter of Intent ("LOI") with Yorkton Ventures Inc. ("Yorkton") for the sale of its interest in the Bellechasse-Timmins property (the "Property") and associated claims in southeastern Quebec for \$1,700,000 subject to a 60 day due diligence period (the "Due Diligence Period").

The agreement is subject to Yorkton completing a legal, technical and environmental due diligence on the Property. If the due diligence is not satisfactory to Yorkton at its sole discretion, they shall have the right to terminate the LOI.

Proposed Terms of the Agreement:

To acquire a 100% interest in the Property, Yorkton will:

- Make a \$100,000 cash payment within 10 days of signing of a definitive agreement,
- Make a \$250,000 cash payment within 90 days after signing of a definitive agreement,
- Make a \$350,000 cash payment within 180 days after signing of a definitive agreement,
- Make a \$450,000 cash payment within 270 days after signing of a definitive agreement
- Make a \$550,000 cash payment within 360 days after signing of a definitive agreement

Yorkton will also commit to paying Delta a gold royalty of 1% NSR on any and all commercial production of gold. Yorkton may re-purchase 0.5% of the NSR for \$1 Million at anytime.

In January 2020, Delta has retained MI3 Communications Financières Inc. ("MI3") to provide communication services on behalf of the Company in Eastern Canada. These services include, but are not limited to, communication of all news releases and information on the Company, including technical notes, posting on social medias, and assisting the Company at PR roadshows across 14 cities in eastern Canada. The agreement is for a period of 12 months and as consideration for these services, the Company has agreed to pay \$36,000 to MI3 in a single payment.

In February 2020, Delta has acquired a total of 14 new claims contiguous to the Delta-2 / R-14 property, covering approximately 880 hectares. The terms of the agreement with Multi-Resources Boreal include a one-time payment of \$5,000.00 and the issuance of 50,000 shares for a 100% interest in the claims. Delta also grants a 2% NSR to Multi-Resources Boreal with an option for Delta to buy back a 1% NSR at anytime for \$1,000,000.

Also, in February 2020, Delta announced the appointment of Frank Candido as its Vice-President of Corporate Communications in addition to his position as Chairman of the Board at Delta Resources.

DISCUSSION OF OPERATIONS

DELTA-1 / EUREKA PROPERTY

On October 2, 2019 the Company signed an exclusive agreement to acquire a 100% interest in the new Eureka gold Discovery in the Thunder Bay Mining District of Ontario. The property covers 48 square kilometres and is located 50 kilometres west of the city of Thunder Bay, Ontario and straddling the Trans-Canada Highway.

Under this agreement, the Company paid \$25,000 in cash and issued 500,000 common shares. To fulfill its obligation, the Company will have the following schedule of work:

| Anniversary Date | Cash Payment | Share Payment | Work Commitment |
|------------------|--------------|---------------|-----------------|
| 12 months | \$25,000 | 500,000 | \$200,000 |
| 24 months | \$50,000 | \$50,000* | \$500,000 |
| 36 months | \$75,000 | \$50,000* | \$1,000,000 |
| 48 months | \$150,000 | n.a. | |

* Amount payable in shares to a maximum of 500,000 shares

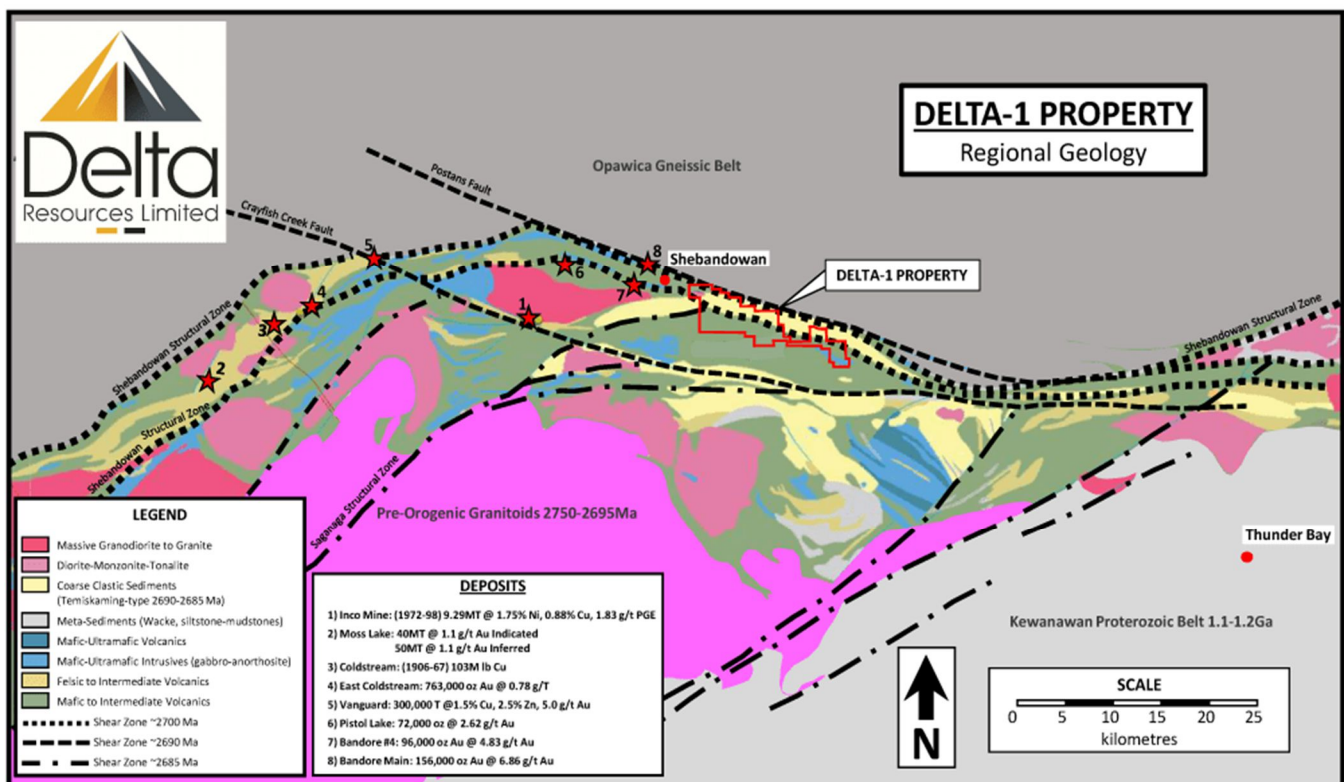
- The vendor holds a 1.75% NSR Royalty on the claims. Delta may buy back the first 0.75% at anytime for seven years after the effective date of the agreement for \$500,000 and the remaining 1% Royalty at anytime after the first 0.75% is purchased for \$4,000,000.
- Five legacy claims of the property are also subject to NSR Royalties ranging from 0.5% to 1% from an underlying agreement. Delta has the option to purchase 50% of this NSR for the sum of \$50,000.
- The agreement also includes advanced royalty payments starting 7 years after the effective date of the agreement.

Regional Geology

The project area lies in the north-central portion of the Shebandowan greenstone belt in the Superior structural province of the Canadian Shield. The volcanic-sedimentary units of this belt are bounded to the south by granitic terrain and to the north by the Quetico subprovince.

Two distinct supracrustal rock suites known as the Greenwater and Shebandowan assemblages have been identified within the Shebandowan Belt.

Geology map of the Shebandowan Belt showing the Delta-1 property outline in Red



The Greenwater assemblage (ca. 2720 Ma) is dominated by mafic to felsic metavolcanic rock cycles consisting of tholeiitic to calc-alkalic rocks, along with some komatiitic rocks. The younger Shebandowan assemblage (<2690 Ma) unconformably overlies the Greenwater assemblage and is dominated by clastic metasedimentary rocks, with

subordinate calc-alkalic to alkalic intermediate metavolcanic rocks and intrusions. Sedimentary rocks of the Shebandowan assemblage were deposited in fault-bounded basins related to the Shebandowan and Saganaga Structural Zones during regional transpressive deformation at ca2690 Ma.

The clastic sedimentary rocks of the Shebandowan assemblage are often referred to as “Timiskaming-type” because of their similarity to the Timiskaming group rocks of the Abitibi greenstone belt.

In the Shebandowan Belt the unconformity between the Greenwater and Shebandowan assemblages has a close spatial association with numerous gold occurrences. In fact, the same spatial association between gold deposits and the unconformities between volcanics and Temiskaming-type sediments is common throughout the Shebandowan, Wawa and Abitibi belts.

Structural Features

The Shebandowan Structural Zone (ca2700Ma) is a deep-seated structure that marks the boundary between the Quetico and Shebandowan belts. The deformation zone is marked by swarms of intrusive units and locally extensive zones of intense carbonate, sericite and talc alteration and in excess of 5 million ounces of gold deposits along a 100-kilometre strike length eastward from the Moss Lake Deposit to the Delta-1 Property.

The Saganaga Structural Zone (ca2690Ma) is sinistral in sense and continental in scale striking over 200 kilometres from Minnesota northeastward through the Delta-1 Property area. Timiskaming-like pull apart basins mark the length of the structural zone with early alkaline volcanics and related intrusions dominating northeast basins. Important gold occurrences have been discovered along the entire strike length of the structure.

The Crayfish Creek and Posten’s Faults are two late-stage (ca2685Ma) dextral sense structural zones.

Property Geology

In the property area, the Greenwater assemblage rocks generally occur to the south of highways 11. The rocks are generally mafic to intermediate metavolcanics (including massive and pillowed flows) with ultramafic flows (locally with spinifex textures). These metavolcanics flows are intercalated with thin horizons of graphitic mudstone, sulphide-bearing chert, jasper-magnetite, chert-magnetite iron formation all of which translate into high conductive zones. Numerous gabbro sills and dikes intrude the Greenwater assemblage supracrustal rocks throughout this area.

Shebandowan assemblage rocks are found in the area along and immediately to the north of highways 11. This assemblage is dominated by clastic metasedimentary rocks, including conglomerate, sandstone, siltstone and mudstone. These rocks are interlayered with distinctive trachyte and trachyandesite flows that commonly display a patchy red and green appearance and tend to be amphibole-phyric. These rocks are intruded by feldspar-phyric felsic to intermediate dikes, gabbroic intrusions and lamprophyre dikes.

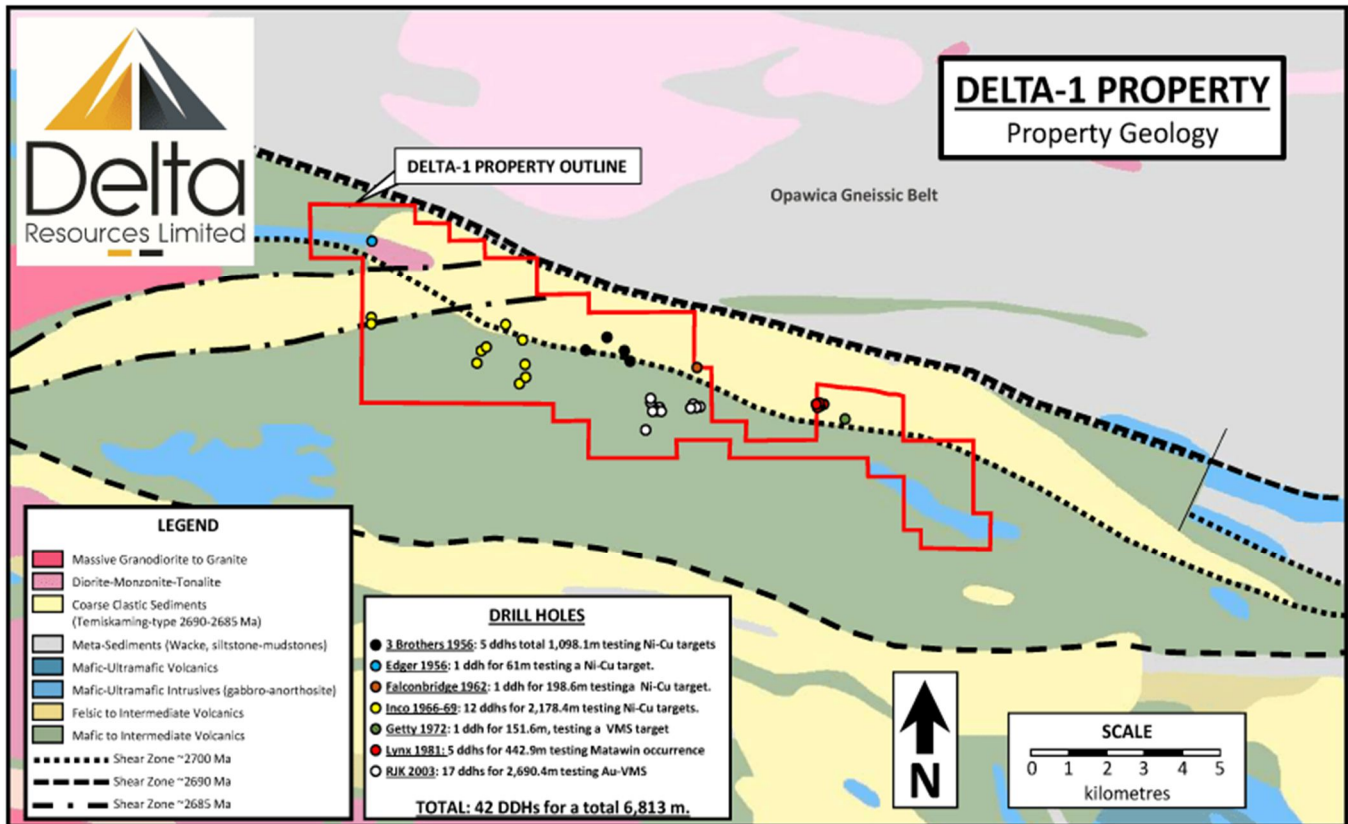
Foliation is well-developed and generally strikes east-southeast with near-vertical dip. The rocks have been deformed into tight isoclinal folds with east-southeast striking axial planes. Shear zones that parallel the regional foliation occur throughout the area and are especially well-developed along trends that coincide with the gold-mineralized zones on the Delta-1 property. Also associated with these shear zones are extensive zones of gold-bearing alteration consisting of intense ankerite-calcite and disseminated pyrite and arsenopyrite.

Structurally, the property is located at the intersection of the Shebandowan, Saganaga and Posten’s faults. The property covers a 17-kilometre strike extent of the favourable Shebandowan structural zone.

Exploration History

Only 42 drill holes have tested this 49 square kilometre property to date. Of these drill holes more than half were aimed at Ni-Cu targets prior to 1972. The last drill program was aimed at 2 mineral occurrences some 16 years ago in 2003.

Geology map of the Delta-1 property showing historical drill holes.

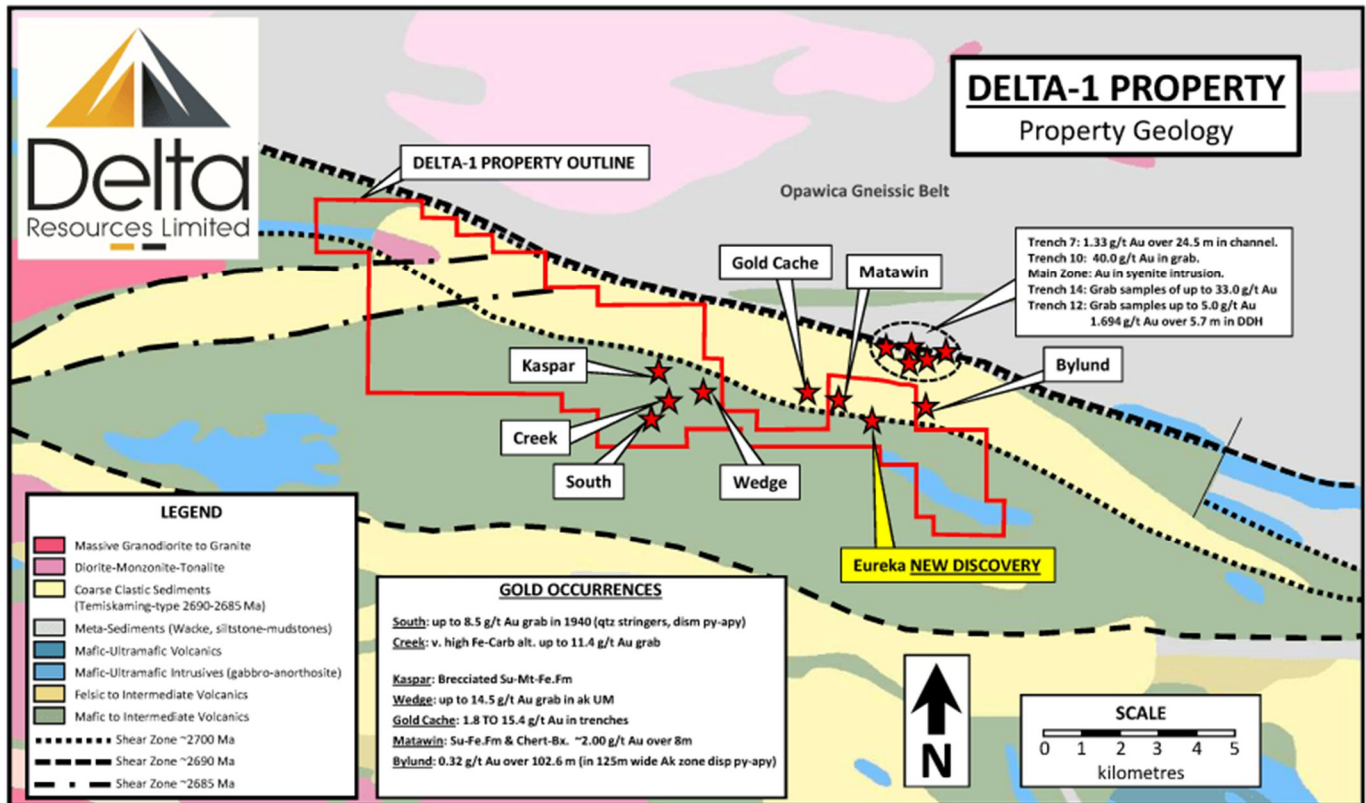


Gold Mineralization

The Delta-1 Property is host to a number of gold occurrences including the Eureka gold occurrence where mechanical trenching has exposed a gold-bearing ankerite-pyrite-arsenopyrite alteration zone with a minimum strike length of 2 kilometres and with a width of up to 400 metres. This alteration zone includes two previously known gold occurrences: the Matawin (located on the property) and Bylund (400m east of the property where intercepts of 102.6 metres @ 0.32 g/t Au have been reported).

The EUREKA gold zone is located between the Bylund and Matawin occurrences and is exposed by trenching over a minimum strike length of 400m.

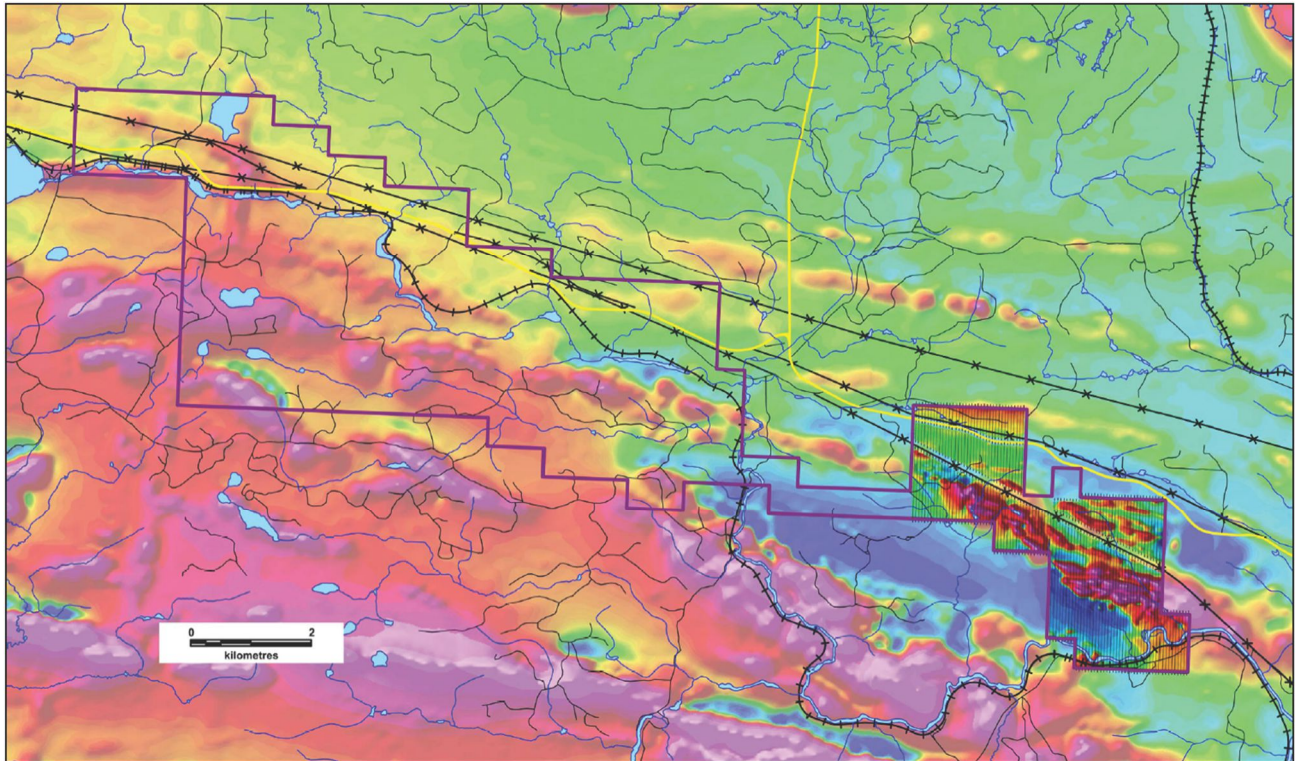
Geology map of the Delta-1 property showing historical gold occurrences.



Work done during the year

In late October 2019, Delta contracted Vision 4K to carry out a 168 line-kilometer high-resolution drone magnetic survey on the eastern part of the property to better define the subtle structures that were believed to control gold mineralization at the Eureka Gold Occurrence. Results were very impressive as shown in the figure below.

Total Field magnetic map of the Delta-1 property showing the portion covered by a high-resolution drone magnetic survey in October 2019



In late November 2019, Delta completed its first drilling program at Delta-1. The program consisted of six holes for a total of 1009 metres of drilling in 6 drill holes in late November 2019, testing the Eureka Gold Occurrence.

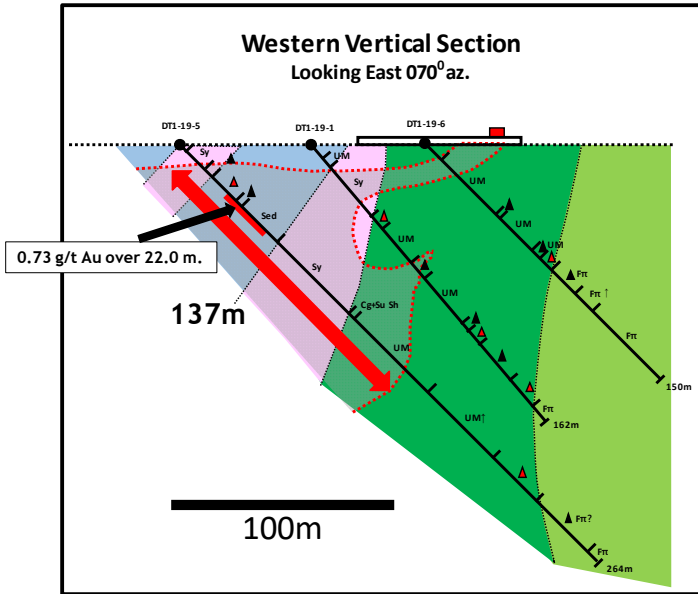
Drilling was carried out on three sections oriented at 160 degrees azimuth and spaced 100 metres apart. The westernmost sections cover approximately 220 metres across strike in three drill holes, the easternmost section covers approximately 175 metres in 2 drill holes and the central section covers approximately 110 metres with one drill hole. Drill hole coordinates are listed in the table below while a map and sections of the drilling are shown below the table.

Table of drill hole coordinates from Delta’s November 2019 drill program at Delta-1

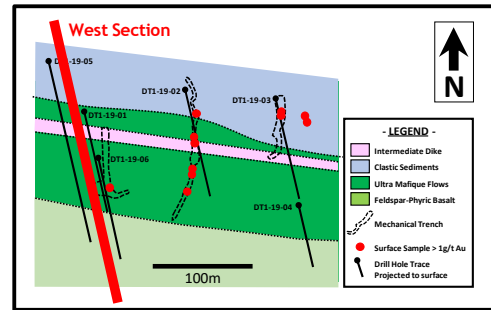
| | Section | Azimuth | Inclination | Length (m) | Northing | Easting |
|-----------|----------------|----------------|--------------------|-------------------|-----------------|----------------|
| DT1-19-01 | West | 160 | 50 | 162 | 5 385 340 | 289 615 |
| DT1-19-02 | Central | 160 | 50 | 174 | 5 385 359 | 289 720 |
| DT1-19-03 | East | 160 | 50 | 159 | 5 385 345 | 289 815 |
| DT1-19-04 | East | 160 | 50 | 102 | 5 385 237 | 289 839 |
| DT1-19-05 | West | 160 | 45 | 262 | 5 385 391 | 289 584 |
| DT1-19-06 | West | 160 | 45 | 150 | 5 385 293 | 289 620 |

Total 1009

Geology map (lower right) and vertical section (left) of Delta's drilling at Eureka.
The table of results shows the results for the drill holes of this section only



| DRILL HOLE | From (metres) | To (metres) | Grade (g/t) | Core Length (metres) |
|------------|---------------|-------------|-------------|----------------------|
| DT1-19-01 | 17,0 | 31,0 | 0,18 | 14,0 |
| | 73,2 | 74,3 | 4,10 | 1,1 |
| DT1-19-05 | 9,0 | 146,0 | 0,20 | 137,0 |
| incl | 35,0 | 57,0 | 0,73 | 22,0 |
| incl | 35,0 | 43,0 | 1,00 | 8,0 |
| incl | 50,6 | 56,0 | 0,94 | 5,4 |
| DT1-19-06 | 9,0 | 32,5 | 0,12 | 23,5 |



From north to south, drilling intersected clastic sediments, ultramafic flows and feldspar-phyric mafic flows crosscut by dikes of intermediate composition. Pervasive, intense alteration, consisting of ankeritization and silicification affects all of the aforementioned rock types and is followed by at least two generations of hydrothermal breccias.

Gold mineralization occurs in all rock types except the feldspar-phyric flows where it has not yet been observed. Gold mineralization is typically disseminated, although at least three generations of quartz-carbonate-albite stockwork veins are observed. Exact timing of the gold mineralization has not been determined. To date, the rocks intersected in drill core are only weakly deformed. Delta has not intersected the Shebandowan Structure that could potentially concentrate and channel gold mineralization or remobilize and concentrate early gold. The Delta team is currently working to determine the relationship between these newly intersected, broad and open disseminated gold zones and the higher-grade gold occurrences in the area.

Results to date show a very wide zone of low-grade gold mineralization intersected over a 200 metres strike length and extending vertically from surface to a depth of up to 110 metres. The mineralized zone is open to the North, West, East and at depth.

Complete results are as follows:

| DRILL HOLE | From (metres) | To (metres) | Grade (g/t) | Core Length (metres) |
|-------------------|--------------------------|------------------------|--------------------|---------------------------------|
| DT1-19-01 | 17,0 | 31,0 | 0,18 | 14,0 |
| | 73,2 | 74,3 | 4,10 | 1,1 |
| DT1-19-02 | 3,9 | 110,6 | 0,11 | 106,7 |
| incl | 22,5 | 25,4 | 0,51 | 2,90 |
| incl | 94,7 | 110,6 | 0,33 | 15,9 |
| DT1-19-03 | 10,0 | 151,0 | 0,17 | 141,0 |
| incl | 10,0 | 53,0 | 0,45 | 43,0 |
| incl | 14,0 | 41,5 | 0,64 | 27,5 |
| incl | 14,0 | 27,8 | 0,84 | 13,8 |
| incl | 18,0 | 25,5 | 1,10 | 7,50 |
| DT1-19-04 | 2,8 | 30,0 | 0,21 | 27,2 |
| incl | 13,0 | 20,5 | 0,37 | 7,50 |
| DT1-19-05 | 9,0 | 146,0 | 0,20 | 137,0 |
| incl | 35,0 | 57,0 | 0,73 | 22,0 |
| incl | 35,0 | 43,0 | 1,00 | 8,0 |
| incl | 50,6 | 56,0 | 0,94 | 5,4 |
| DT1-19-06 | 9,0 | 32,5 | 0,12 | 23,5 |

Delta applied for exploration permits in January (which includes 20,000 metres of drilling) to resume work at the property in the short term.

In December 2019, the Company has signed an agreement with the Ontario Exploration Corporation (the “OEC”) to buy back a Net Smelter Return (“NSR”) of up to 1% on its Delta-1 property in the Thunder Bay District, Ontario. The Delta-1 Property includes the recently drilled Eureka Gold prospect.

Under the terms of the agreement, Delta now has the exclusive right to purchase 50% of the OEC NSR at Delta-1 by paying the OEC the sum of \$50,000 payable as follows:

- Payment of \$15,000 before December 31st, 2019 (already paid)
- Payment of \$35,000 before May 31st, 2021.

Once Delta exercises its right to buyback the first 50% of the OEC NSR, Delta shall have the right to purchase the second 50% tranche at anytime by paying the OEC an additional \$50,000. Following the purchase of the second 50% tranche, Delta will have purchased the entire NSR Royalty currently owned by the OEC on the Eureka Property. The OEC currently owns between 0.5% and 1.0% NSR royalty on certain claims of the Delta-1 property. More specifically, the OEC owns a 1.0% NSR on the claims covering the Eureka Gold prospect, Matawin and Kaspar gold occurrences and a 0.5% NSR on the claims surrounding the Kaspar occurrence.

DELTA-2 / R-14 PROPERTY

On October 16, 2019, the Company signed an exclusive agreement to acquire a 100% interest in the R-14 Gold Property in the Chibougamau Mining District of Quebec. The property covers nearly 126 square kilometres and is located 40 kilometres south-east of the city of Chibougamau, Quebec and accessed via paved Highway 167.

Under this agreement, the Company issued 1,000,000 common shares. To fulfill its obligation, the Company will have the following schedule of work:

| Anniversary Date | Cash Payment | Share Payment | Work Commitment |
|-------------------------|---------------------|----------------------|------------------------|
| 12 months | \$25,000 | 800,000 | \$0 |
| 24 months | \$50,000 | 800,000 | \$300,000 |
| 36 months | \$100,000 | 700,000 | \$700,000 |

- The vendor holds a 2.0% NSR Royalty on the claims (except on the 41 legacy claims listed below). Delta may buy back 1.0% at anytime for \$1,000,000.
- 41 legacy claims are subject to a 1.5% NSR Royalty. Delta has the option to purchase 0.75% of this NSR for \$500,000.

The Property is host to several gold occurrences, the most important of which is the R-14 Gold Prospect where mechanical trenching has exposed a gold-bearing dike swarm within a discordant alteration halo 3 kilometres long and 1 kilometre wide. At R-14, exceptional gold values of up to 142.29 g/t Au over core length of 2.44 metres have been intersected in the early 1980's by Corner Bay Exploration (Brunelle, 1983 quoted by Faure, 2012). The property was later worked by D'Ariane Resources Inc. who also reported significant results in channel and drill samples.

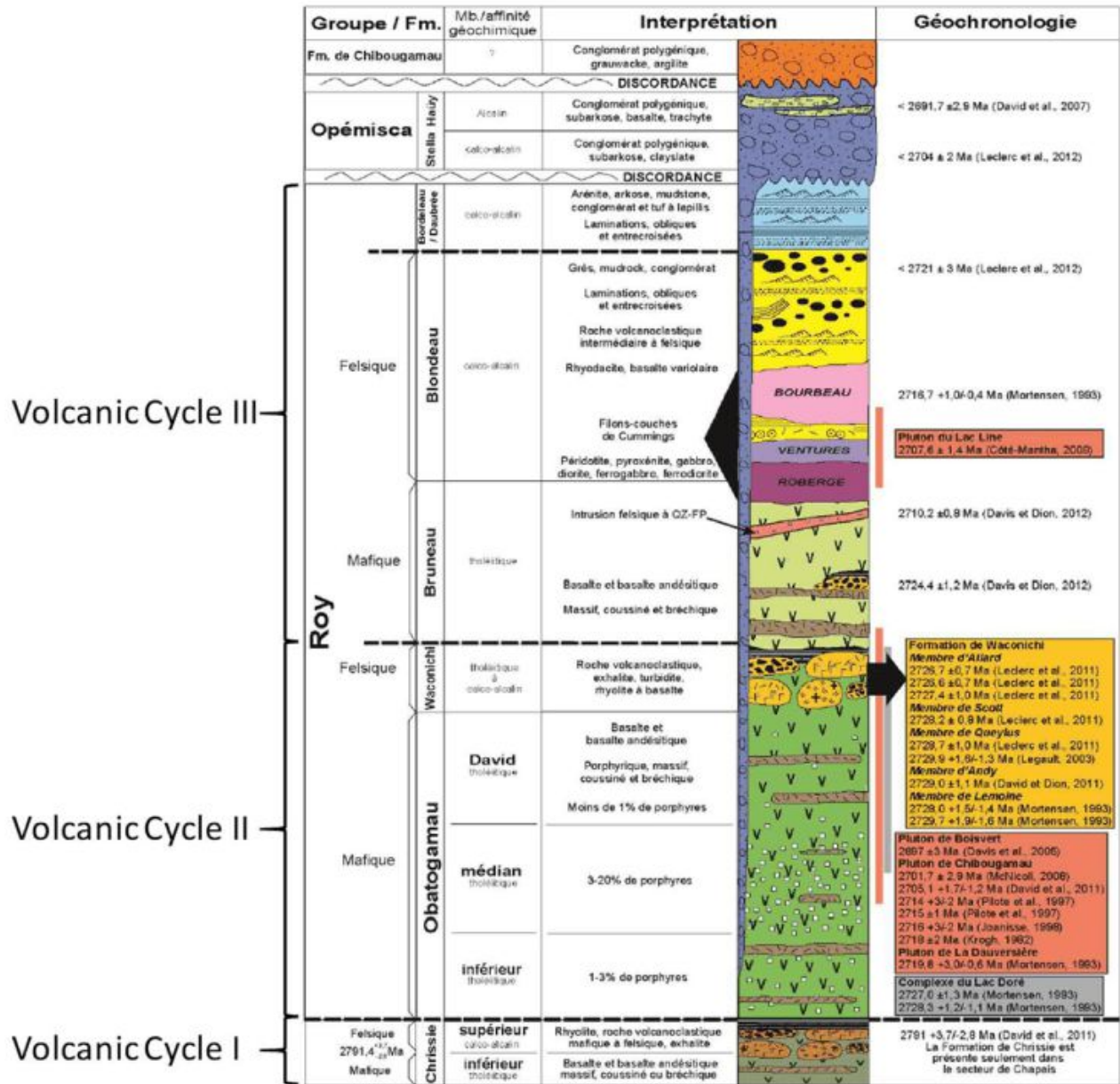
Regional Geology

The Delta-2 property is located at the NE end of the Abitibi Volcanic Belt, just southeast of the Chibougamau and east of Chapais mining camps which account respectively for historic production of 47.5Mt at 1.72% Cu, 2.30 g/t Au and 24.2Mt at 2.24% Cu, 1.13 g/t Au.

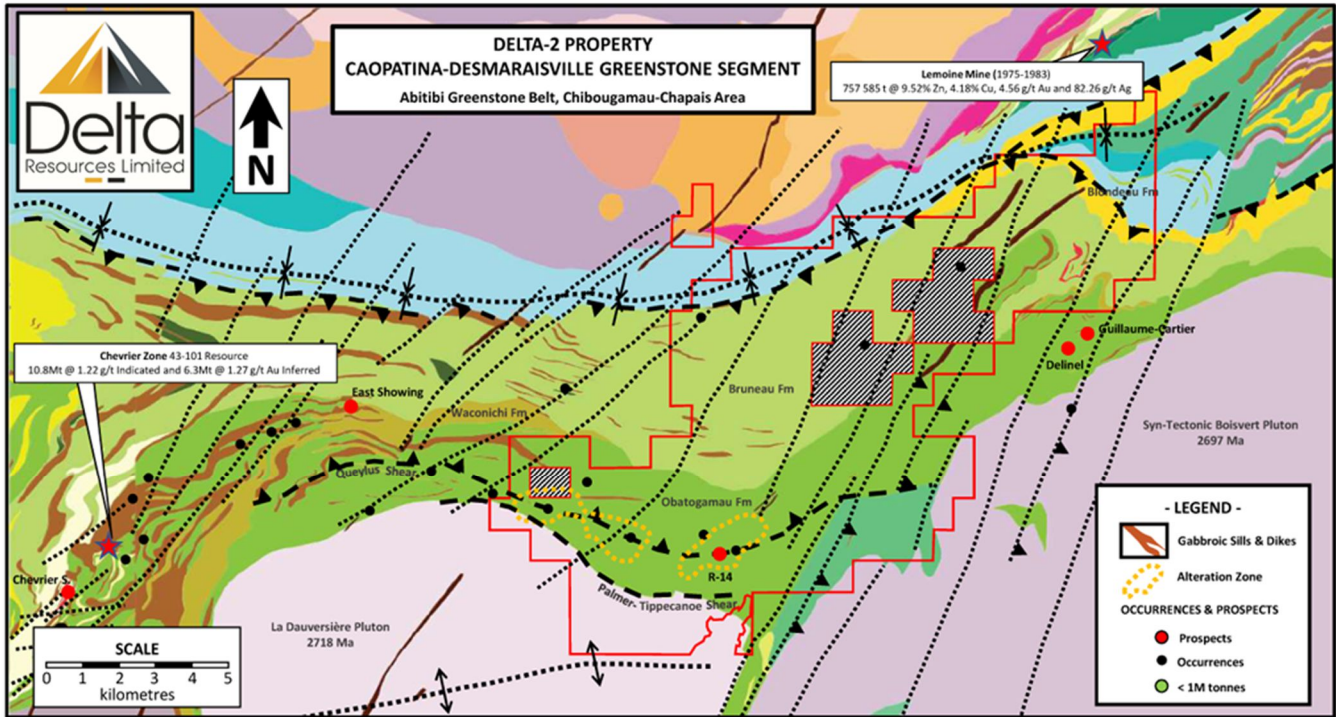
The greenstone part of the Caopatina-Desmaraisville segment is delimited by the Kapunapotagen Fault to the north, the Guercheville Fault to the south, the Grenville Front to the east and the Lapparent massif to the west.

In the Chibougamau district, three (3) volcanic cycles are identified. All three volcanic cycles consist generally of mafic volcanics (massive to pillowed) of tholeiitic affinity at their base, overlain by intermediate to felsic volcanics of transitional to calc-alkaline affinity. The stratigraphic sequence with estimated thicknesses and age of rocks is shown in the stratigraphic column below and the distribution of these rocks at the property-scale is shown on the figure following the stratigraphic column.

Regional stratigraphic column of the Chibougamau area. Modified after Leclerc, 2011



Geology map of the Caopatina-Desmaraisville Greenstone Belt and the Delta-2 property outline in red



VOLCANIC CYCLE I (2798-2790 Ma): This is the oldest volcanic cycle and consists of the **Chrissie Formation**. Rocks of the Chrissie Formation comprise basalts that are overlain by a sequence of intermediate to felsic volcanics.

VOLCANIC CYCLE II (2760-2726 Ma): The base of volcanic cycle II consists of the **Obatogamau Formation** which comprises a thick sequence of massive to pillowed basalts (often feldspar phyric) with thin, discontinuous horizons of felsic volcanic rocks. The Obatogamau Formation is overlain by the **Waconichi Formation** consisting of felsic volcanic rocks of intermediate to calc-alkaline affinity.

VOLCANIC CYCLE III (2724-2717 Ma): Volcanic cycle III consists of andesites and basalts of the **Bruneau Formation** at its base, overlain by felsic volcanics and volcanoclastic rocks of the **Blondeau Formation**. Rocks of the Blondeau Formation are well known in the region for their association with VMS deposits.

OVERLYING SEDIMENTS (2704-<2692 Ma): Unconformably lying at the top of the volcanic sequence are the **Hauy and Stella Formations** which consist of clastic sedimentary units ranging from mudstones to polymictic conglomerates. These sedimentary rocks are typically spatially associated with regional deformation zones along which sedimentary basins formed during dip-slip movements (i.e. they are often referred to as syn-tectonic).

Intrusive rocks crosscut the entire stratigraphic sequence. Four major intrusive events are recognized and are as follows (from oldest to youngest):

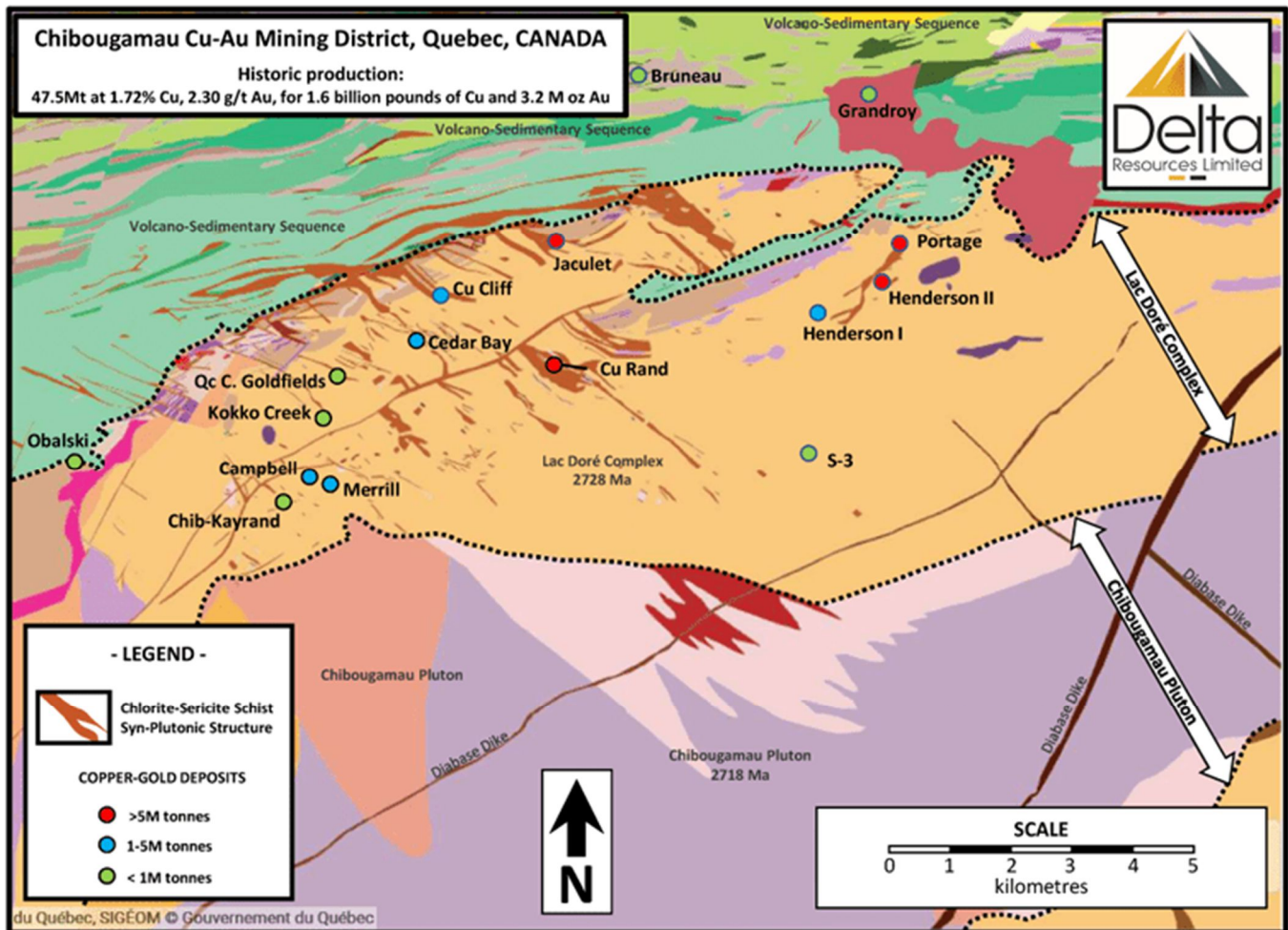
- Syn-volcanic intrusions associated with Volcanic Cycle II such as the Lac Dore Complex (2728 Ma), a layered anorthosite and gabbroic intrusion.
- Syn-volcanic intrusions synchronous to volcanic cycle III such as the Chibougamau Pluton (2718 Ma) and the La Dauversière Pluton (2720 Ma). Intrusions of this type are known for their association with gold-copper mineralization. In fact, the Chibougamau Pluton is recognized as the mineralizing engine responsible for the entire Chibougamau Mining district (19 mines; 47,8 Mt of 1.82% Cu and 1.8 g/t Au).
- Syn-volcanic sills of ultramafic to gabbroic composition associated with Volcanic Cycle III such as the Bourbeau, Venture and Roberge sills (2716 Ma), and
- Syn-tectonic of tonalitic to granodioritic intrusions synchronous to the Hauy and Stella sediments such as the Boivert Pluton (2697 Ma).

Metamorphic grade in the area is generally of greenschist facies but increases to amphibolite facies near certain syn-tectonic intrusions and even reaches granulite facies along the Grenville Front to the east.

Regional Deformation History

Phase 1 - The earliest evidence of deformation in the area consists of folds with axial traces trending NNW-SSE to NS. The relative age of this folding is unclear, but it appears to be pre-to syn-tectonic. It should also be noted that, except for the Henderson-Portage structure (045°/60°SE) most of the deposits in the Chibougamau Mining district are located on NW-SE-trending structures.

Geology map of the Chibougamau Mining District showing NE and NW-trending structures hosting the Cu-Au mines and dikes related to the Chibougamau Pluton



Phase 2a - Regional deformation is characterized by a strong EW-trending, generally steeply dipping foliation which is axial planar to isoclinal folds. Extensive EW-trending ductile shear zones also formed during this phase of deformation. These intense and often wide zones of deformation are believed to have formed with reverse movements. This phase of deformation is believed to be due to a NS compression.

Phase 2b - EW-trending structures are crosscut by sub-vertical, NE-SW-trending deformation zones with associated foliation. These structures formed initially with sinistral movements but have been reactivated during later phases of deformation. These structures are believed to have formed late during the second phase of deformation during NS-trending shortening.

Phase 3 - Is characterized by a reactivation of the Phase 2b structures with a dextral sense of motion.

Phase 4 - This last phase of deformation is characterized by NNE-SSW-trending faults with associated foliation but showing more brittle attributes. These structures are believed to have formed as a result of the Proterozoic collision

of the Grenville Province and are more abundant in the eastern part of the region, at the Grenville Front. This phase of deformation would also have reactivated the Phase 2b structures with a dextral sense of motion.

Property Geology

The Delta-2 property covers the north-eastern contact of the syn-volcanic La Dauversière pluton (2720 Ma). The La Dauversière pluton has a tonalitic composition and is thought to be responsible for many gold occurrences in the area such as the Chevrier Zone (43-101 Resource of 10.8Mt @ 1.22 g/t Indicated and 6.3Mt @ 1.27 g/t Au Inferred) and the R-14 Gold Prospect which is situated on the Delta-2 Property.

Immediately north of the La Dauversière Pluton, in the southern half of the property, rocks consist of massive to pillowed basalts of the Obatogamau Formation (Volcanic Cycle II). The basalts are intercalated with thin horizons of intermediate to felsic volcanics and presumably, are overlain by felsic volcanic rocks of the Waconichi Formation.

The northern half of the property is shown by the Quebec Ministry of Energy and Natural Resources as andesites and basalts of the Bruneau Formation (lower unit of Volcanic Cycle III). In the NE part of the property, the Bruneau Formation rocks are overlain by the felsic and sedimentary rocks of the Blondeau Formation (Upper part of Volcanic Cycle III).

In the Chibougamau area, the contact between Volcanic Cycles II and III is very prospective for Volcanogenic Massive Sulphide mineralization. In fact, the past producing Lemoine Mine (1975-1983: 757 585 tonnes @ 9.52% Zn, 4.18% Cu, 4.56 g/t Au and 82.26 g/t Ag), a small but very high grade, is located approximately two kilometres north of the property boundary, at that contact. A strike length of over 15-20 kilometres of this prospective contact is located on the Delta-2 property.

Stratigraphy is generally EW-trending and turns NE-SW in the eastern part of the property, generally wrapping around the more competent rocks of the La Dauversière and Boisvert plutons.

Extrusive rocks of the property are intruded by a number of small syn-volcanic mafic sills and dikes and felsic dikes that are genetically linked to the La Dauversière Pluton (Faure, 2012) and spatially associated with the R-14 gold prospect.

Property-Scale Deformation History

The deformation and metamorphic history at the property-scale is the same as described at the regional-scale.

Phase 2 Deformation is characterized by a strong EW-trending, steeply dipping foliation which turns NE-SW in the eastern part of the property. Two structures of this generation, described as “deformation corridors” are documented on the property (Faure, 2012): the Queylus corridor to the north and the Palmer-Tippecanoe corridor to the south, at the contact with the La Dauversière pluton. The R-14 Gold Prospect is spatially associated with the Queylus deformation corridor.

These structures are crosscut by a number of NE-SW-trending structures believed to be of deformation Phases D2b and 3. However, the property being bounded to the east by the Grenville Front, these NE-SW-trending structures have all been reactivated during deformation Phase 4.

Metamorphism at the property is generally greenschist facies but reaches the upper-amphibolite facies in the eastern part of the property.

Property-Scale Mineralization and Alteration

The most important gold prospect at the Delta-2 Property consists of the R-14 Gold Prospect which is spatially associated with the Queylus deformation zone and with a felsic dike swarm associated with the La Dauversière Pluton. At R-14, exceptional gold values of up to 142.29 g/t Au over core length of 2.44 metres have been intersected in the early 1980's by Corner Bay Exploration (Brunelle, 1983 quoted by Faure, 2012). The property was later worked by D'Arianne Resources who also reported significant results in channel and drill samples.

Although the R-14 Gold Prospect is documented as hosted by the Queylus Deformation zone, Faure (2012) has documented a discordant alteration halo of over 3.5 x 1.1 kilometres surrounding the mineralized zone. A similar alteration zone of over 4x1 kilometres is also documented west of the R-14 gold prospect. The westernmost part of this alteration zone starts at the La Dauversière pluton contact.

Economic Mineralization

There are two types of targets for mineralization at Delta-2.

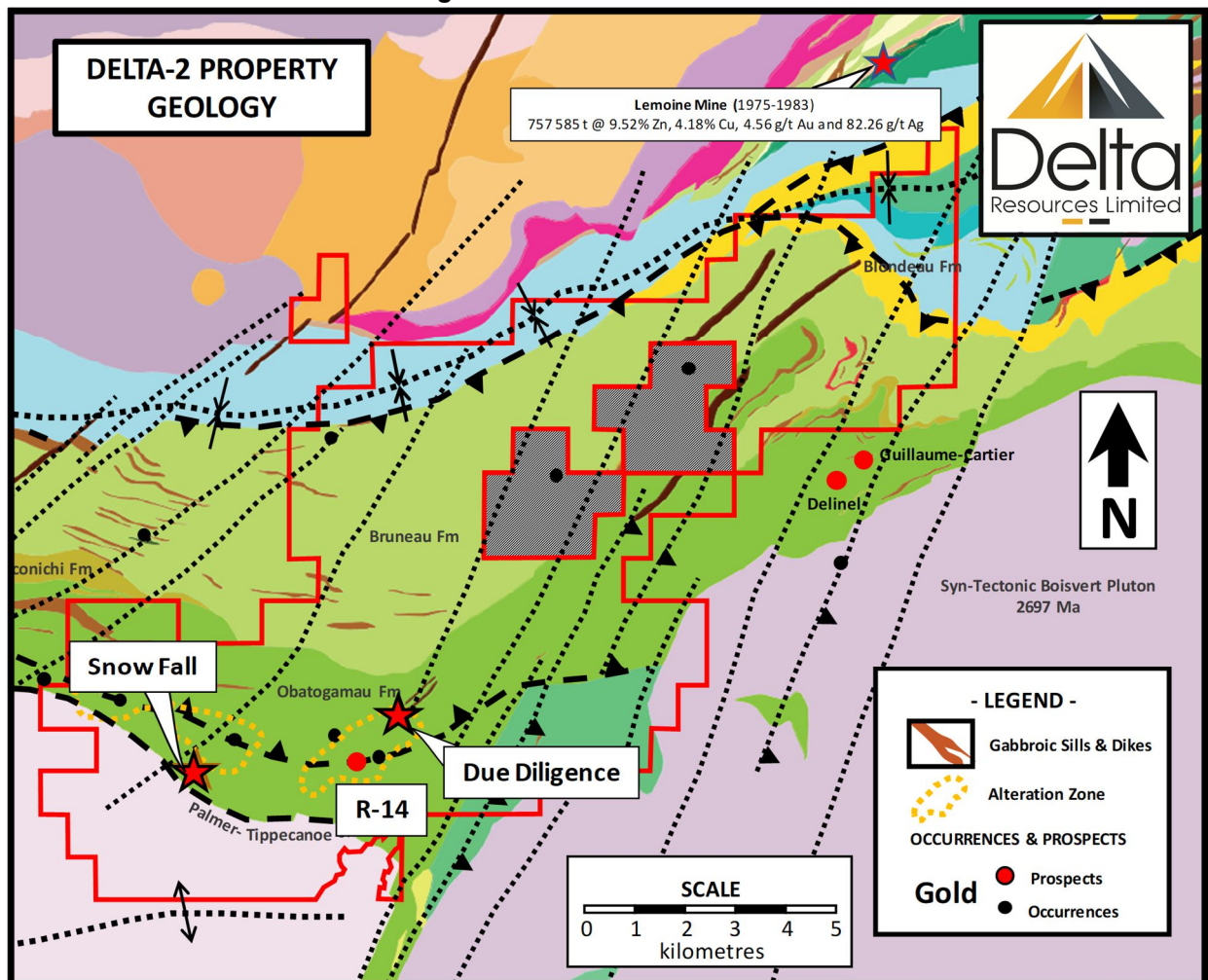
Gold Targets are believed to be associated with syn-plutonic structures with or without felsic dikes. The objective is to locate these structures through high-resolution magnetic surveys and field-proof this hypothesis. The size of the alteration halo defined by Faure (2012) and the long-lived nature of the structures, suggest an important system with great size potential.

Gold-Rich Volcanogenic Massive Sulphide Targets are believed to be associated with the contact between Volcanic Cycle II and III. In the immediate area of the Delta-2 property, the past producing Lemoine Mine is an example, located approximately 2 kilometres to the north of the Delta-2 property boundary. Respectively 1.5 kilometres and 2 kilometres east of the Delta-2 property boundary, are the Guillaume-Cartier and Delinel Gold prospects; two additional gold-rich occurrences showing volcanogenic massive sulphide affinity. Both prospects consist of gold-bearing, concordant lenses of disseminated to semi-massive pyrite-pyrrhotite with minor amounts of chalcopyrite and sphalerite. Drill hole intercepts of 27,52 g/t Au over 1 m; 4,77 g/t Au sur 1 m; 1,04 % Cu over 1 m; 11,92 g/t Au over 1,0 m; 6,65 g/t Au, 7,3 g/t Ag et 1,0 % Cu over 0,3 m; 13,05 g/t Au over 1,2 m, are reported at Guillaume-Cartier.

Work done during the year

In 2019, within a month of acquiring the Delta-2 property, Delta announced two new gold discoveries at the property (see location map of the new occurrences).

Geology map of the Delta-2 property showing the location of Delta's two new gold occurrences discovered in 2019



The New Due Diligence Gold Discovery:

The Due Diligence gold occurrence was discovered during Delta's due diligence work prior to the acquisition of the Delta-2 property. The gold occurrence is located approximately 1.1 kilometre northeast of the R-14 gold prospect and consists of a 20cm wide, sub-vertical, gold quartz vein trending 070°az. So far, the structure is only exposed over a few metres of strike length as the outcrop disappears under glacial till. Five grab samples from the vein were sent to assay and results are as follows:

| | |
|--------------|----------------|
| Sample 2404: | 11.75 g/t gold |
| Sample 2405: | 2.42 g/t gold |
| Sample 2406: | 15.65 g/t gold |
| Sample 2407: | 55.80 g/t gold |
| Sample 2408: | 15.45 g/t gold |

Shortly after the initial discovery, a channel sample was collected over the vein and host rocks and returned 6.45 g/t Au over 1 metre.

The New Snow Fall Gold Discovery:

The Snow Fall gold occurrence is located approximately 3.3 kilometres SSW of the R-14 gold prospect and consists of a 30cm wide, strongly deformed, sub-vertical, gold quartz vein trending 040°az. The discovery was made shortly before snowfall and so far, the vein and host structure could only be exposed over 2 metres along strike and approximately 1 metre across. The rocks hosting the quartz vein are strongly altered with iron-carbonate over at least one metres perpendicular to the quartz vein. Six grab samples were sent to assay, sampling both vein material and host rocks, and results are as follows:

| | | |
|--------------|----------------|-------------------------------------|
| Sample 2251: | 0.01 g/t gold | Quartz vein material |
| Sample 2252: | 9.97 g/t gold | Quartz vein material |
| Sample 2253: | 5.62 g/t gold | Host rock material |
| Sample 2254: | 10.10 g/t gold | Host rock material-Gossanous |
| Sample 2255: | 0.04 g/t gold | Feldspar Porphyry dike |
| Sample 2256: | 11.45 g/t gold | Composite sample vein and host rock |

Before snowfall and so far, the vein and host structure could only be exposed over 2 metres along strike and approximately 1 metre across. The rocks hosting the quartz vein are strongly altered with iron-carbonate over at least one metres perpendicular to the quartz vein.

February 2020 VTEM Survey:

In February 2020, Delta completed its helicopter-borne VTEM survey over the north-east portion of the Delta-2 property where the Company sees a high potential for gold-rich volcanogenic massive sulphide ("VMS") deposits.

The new VTEM survey, carried-out by Geotech Limited, outlined a number of new conductors on the property with several conductors located at or near a geological contact that is known to be favourable for the occurrence of VMS deposits.

Ground Acquisition at Delta-2:

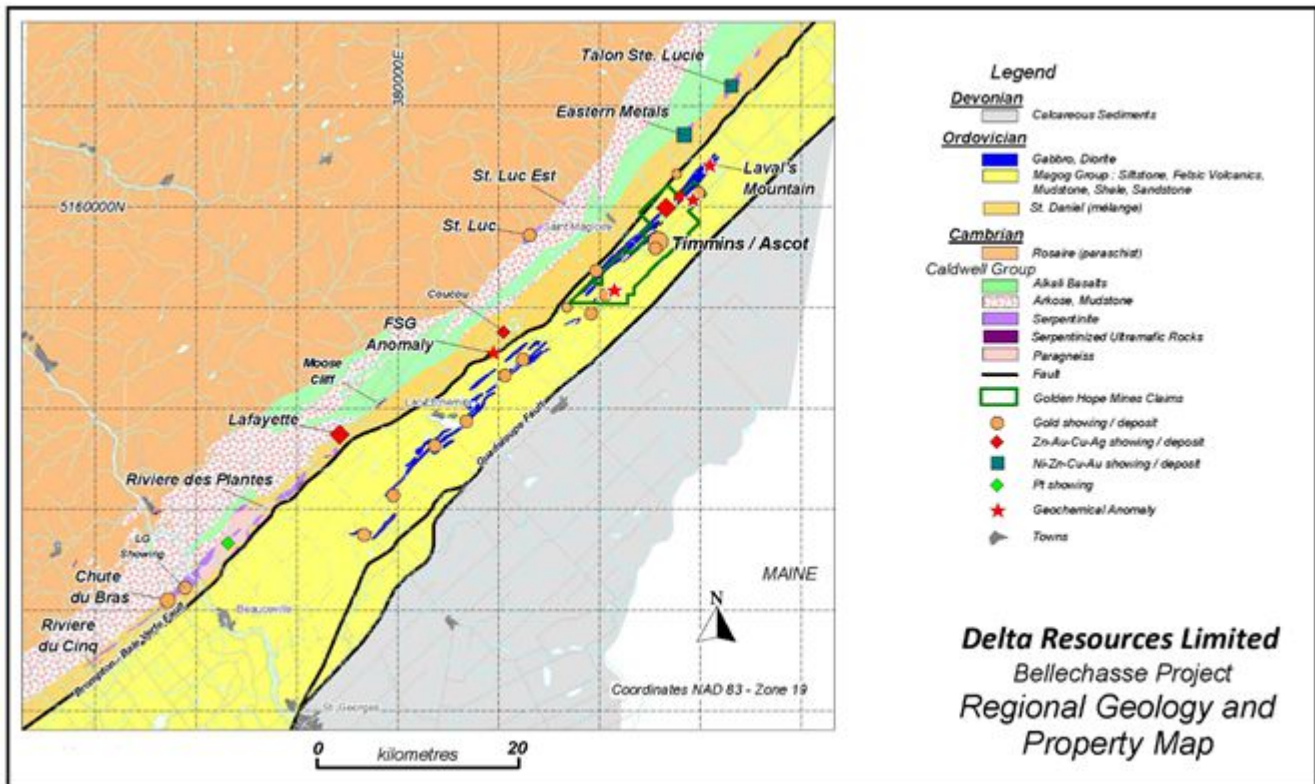
Also in February 2020, Delta has acquired a total of 14 new claims contiguous to the Delta-2 property, covering approximately 880 hectares. With this additional ground, the Delta-2 property now covers an area of nearly 135 square kilometres. Eleven of the new claims were staked by Delta but 5 claims were acquired through a purchase agreement with Multi-Resources Boreal.

The terms of the agreement with Multi-Resources Boreal include a one-time payment of \$5,000.00 and the issuance of 50,000 shares for a 100% interest in the claims. Delta also grants a 2% NSR to Multi-Resources Boreal with an option for Delta to buy back a 1% NSR at anytime for \$1,000,000. There is a four-month hold on the newly issued shares and the agreement is subject to TSX approval.

BELLECHASSE PROPERTY

The 100% owned Bellechasse property is located approximately 90 kilometres south east of Quebec City within the northern part of the Appalachian range of mountains. The property consists of approximately 137 claims totaling 4,989 hectares. The Quebec property covers an area of continental collision in which transform faulting is common. Locally, this collision terrain is part of the Appalachian Mountain fold belt. Widespread gold mineralization has historically been found between Bellechasse and west of the Chaudière River. Mineralization with potential

economic interest is hosted in zones of fracturing and brecciation in the older intrusives or other pre-existing competent rocks in structural features related to regional trans-current/transform faults.



The Bellechasse Belt currently includes three main areas of interest:

- Bellechasse-Timmins (incl.; T1, T2, 88, and Ascot/Road Zones)
- The Beland anomaly (approx. 6.2 kms southwest of Bellechasse-Timmins)
- Champagne Zone, a partially explored gold and base metal deposit

On June 18, 2012, the Company announced its inaugural NI 43-101 resource estimate. Since the publication of the full report in August of 2012, the Company has looked at a variety of options to take the project to the next stage of development.

Bellechasse-Timmins Gold Deposit

The Bellechasse-Timmins gold zone is hosted by an early diorite intrusive emplaced in Lower Palaeozoic sediments of southeastern Quebec. Gold was first confirmed in the Bellechasse area in 1950, at which time the Ascot and Timmins 1 (T1) zones were discovered.

A third mineralized body was indicated by shallow diamond drilling in 1952 and referred to as the Timmins South Zone (now called Timmins 2 or T2). Due to thick overburden, trenching did not reach bedrock and the mineralized zone was not exposed. Little subsequent work was done until the current management and technical team began further exploration work in the fall of 2006.

The Champagne VMS

In the fall of 2011, the Company engaged Geotech Limited to conduct a VTEM of the Bellechasse Belt around the Champagne deposit. At the beginning of the 2012 exploration season, the Company drilled the historically known Champagne deposit by twinning some of the historical holes in order to confirm the resource. The results of the campaign published in April 2012 revealed that the mineralization is indeed present although the tonnage had not been confirmed. Additionally, some exploration holes were drilled in an attempt to locate another Champagne style mineralization on the “Champagne Horizon”. Although the signatures were strong in the areas where exploration holes were drilled, the results from these holes were not what management was expecting. The Company is actively

considering ways to advance the development of the Champagne deposit, including potentially through joint ventures.

JULIAN PROPERTY

On July 2, 2015, the Company acquired from Michael Dehn (a Former Director of the Company) and two prospectors a 100% right, title and interest in 16 claims (861 hectares) located in the Bellechasse/Beauce Region of southeastern Quebec. Under the Agreement, the Company paid \$1,000 in cash and issued 500,000 of the Company's common shares (valued at \$210,000 based on the price on September 17, 2015 when the shares were issued).

The property was written-off during the period ended March 31, 2019.

SUMMARY OF QUARTERLY AND YEAR TO DATE RESULTS

Summary of Annual Results

The following tables set out financial performance highlights for the past three fiscal years.

| | Year ended December 31, 2019 | Year ended December 31, 2018 | Year ended December 31, 2017 |
|---------------------------------|---|---|---|
| Interest income | \$0 | \$0 | \$0 |
| Operating expenses | \$972,219 | \$251,116 | \$478,698 |
| Net loss and comprehensive loss | (\$809,813) | (\$251,116) | (\$478,698) |
| Loss per share | (\$0.044) | (\$0.018) | (\$0.035) |
| Cash used in operations | (\$791,736) | (\$46,283) | (\$484,428) |
| Cash, end of year | \$938,809 | \$67,767 | \$110,470 |
| Assets | \$1,153,124 | \$142,178 | \$223,132 |
| Dividends | \$0 | \$0 | \$0 |

This selected annual information should be read in conjunction with the audited financial statements filed on www.sedar.com for the year ended December 31, 2019.

RESULTS OF OPERATIONS

Results of Operations for the year ended December 31, 2019

Delta anticipates that, for the foreseeable future, results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

The following discussion and analysis are based on Delta' results of operations for the year ended December 31, 2019. The selected financial information data is derived from the Company's audited financial statements for the year indicated.

The Company recorded a net loss and comprehensive loss for the year ended December 31, 2019 of \$809,813 compared to a net loss and comprehensive loss of \$251,116 for the year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

| | December 31 | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Revenues | \$ - | \$ - |
| Shareholders' information | \$ 44,107 | \$ 29,064 |
| Legal, financial and other corporate expenses | \$ 105,512 | \$ 159,432 |
| Salaries and fringe benefits | \$ 50,649 | \$ - |
| Travel | \$ 11,633 | \$ 3,738 |
| Share-based compensation | \$ 86,919 | \$ 7,435 |
| General administrative expenses | \$ 38,256 | \$ 36,780 |
| Management fees | \$ 15,000 | \$ 15,000 |
| Exploration and evaluation expenditures | \$ 618,744 | \$ (1,952) |
| Depreciation | \$ 1,399 | \$ 1,619 |
| Gain on extinguishment of financial liability | \$ (162,406) | \$ - |
| | <u>809,813</u> | <u>251,116</u> |
| Net loss and comprehensive loss | <u>\$ (809,813)</u> | <u>\$ (251,116)</u> |
| Cash | <u>\$ 938,809</u> | <u>\$ 88,838</u> |

Shareholders' Information

Shareholders' Information expenses consist mainly of fees paid for website maintenance, SEDAR filings, annual meeting materials, dissemination of press releases, transfer agent services and trade shows. For the year ended December 31, 2019, the increase of \$15,043 from the previous year was due to transfer agent services, stock exchange charges and shareholder information resulting from a renewal of activities by the Company.

Legal, Financial and other corporate expenses

Legal, Financial and other corporate expenses were \$105,512 for the year ended December 31, 2019, compared to \$159,432 for the year ended December 31, 2018. The decrease of \$53,920 from the previous year was due to a decrease in professional and consultant fees offset by an increase in business development and legal fees.

Salaries and fringe benefits

Salaries and benefits for the year ended December 31, 2019, amounted to \$50,649 (2018 - Nil). The increase was due to employment contract signed in June 2019 between the Company and André C. Tessier, President and Chief Executive Officer.

Share-based compensation

Share-based compensation expenses relate to stock options granted. The calculation of this non-cash expense is based on the fair value of the stock options granted, amortized over the vesting period of the option using the graded vesting method. The Company uses the Black-Scholes model to calculate the compensation expense.

There was \$86,919 in share-based compensation for the year ended December 31, 2019 compared to \$7,435 for the same period in 2018. The expenses represent the issuance of 925,000 stock options to management and the board of directors (2018-100,000).

Exploration and evaluation expenditures

Included in exploration and evaluation expenditures are fees incurred for work done on Delta-1 / Eureka, Delta-2 / R-14 and Bellechasse properties during the year. Evaluation and exploration expenditures of \$618,744 were incurred during the year ended December 31, 2019.

Gain on extinguishment of financial liability

The gain on extinguishment of financial liability was related to a debt settlement agreement with creditors done during the year ended December 31, 2019.

Results of Operations for the three-month period ended December 31, 2019

The comments below provide an analysis of the operating results for the three-month period ended December 31, 2019. The selected financial information shown below is taken from the condensed unaudited interim consolidated financial statements for each of the three-month periods indicated.

The Company recorded a net loss for the three-month period ended December 31, 2019 of \$648,390 compared to net loss \$62,999 for the three-month period ended December 31, 2018.

FINANCIAL HIGHLIGHTS

| | December 31 (3 months) | |
|---|------------------------|------------------|
| | 2019 | 2018 |
| Revenues | \$ - | \$ - |
| Shareholders' information | 11,689 | 4,574 |
| Legal, financial and other corporate expenses | 133,791 | 14,556 |
| Salaries and fringe benefits | 28,732 | - |
| Travel | 4,908 | 40 |
| Share-based compensation | - | - |
| General administrative expenses | 14,779 | 12,620 |
| Management fees | 65,000 | (75,000) |
| Transaction costs | (65,444) | - |
| Exploration and evaluation expenditures | 616,988 | 61 |
| Depreciation | 353 | 408 |
| Gain on extinguishment of financial liability | (162,406) | - |
| | <u>648,390</u> | <u>(42,741)</u> |
| Net loss and comprehensive loss | <u>\$ (648,390)</u> | <u>\$ 42,741</u> |
| Cash | <u>\$ 938,809</u> | <u>\$ 88,838</u> |

Shareholders' Information

Shareholders' Information expenses mainly consist of fees paid for website maintenance, SEDAR filings, annual meeting materials, dissemination of press releases transfer, agent services and trade shows. For the three-month period ended December 31, 2019, the increase of \$7,115 from the previous period was due to transfer agent services, stock exchange charges and shareholder information due to a renewal of activities by the Company.

Legal, Financial and other corporate expenses

Legal, Financial and other corporate expenses were \$133,791 for the three-month ended December 31, 2019, compared to \$14,556 for the three-month ended December 31, 2018. The increase of \$110,429 from the previous period was due to a correction in professional and consultant fees related to a debt settlement agreement. Also, impacting the increase was the business development, legal and financial expenses.

Salaries and fringe benefits

Salaries and benefits for the three-month period ended December 31, 2019, amounted to \$28,732 (2018 - Nil). The increase was due to employment contract signed in June 2019 between the Company and André C. Tessier, President and Chief Executive Officer.

Management fees

Included in Management fees during the three-month ended December 31, 2018, were fees accrued to the Former President, and a Former Director of the Company. The decrease during the three-months ended December 31, 2019 compared to the three-months ended December 31, 2018 was due to a debt settlement agreement.

Transaction costs

Included in Transaction costs are fees incurred for the geological work done on the Delta-1 / Eureka and Delta-2 / R-14 properties during the due diligence period. Those costs were classified in exploration and evaluation expenditures on signature of both agreements.

Exploration and evaluation expenditures

Included in exploration and evaluation expenditures are fees incurred for work done on Delta-1 / Eureka, Delta-2 / R-14 and Bellechasse properties during the three-month ended December 31, 2019. Evaluation and exploration expenditures of \$616,988 were incurred during the three-month ended December 31, 2019.

Gain on extinguishment of financial liability

The gain on extinguishment of financial liability was related to a debt settlement agreement with creditors done during the three-month ended December 31, 2019.

The selected financial information below was taken from Delta's unaudited interim financial statements for each of the following quarters:

| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
| | December 31, 2019 | September 30, 2019 | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 |
| Interest income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operations expenses | \$810,796 | \$223,724 | (\$104,259) | \$41,958 | (\$42,741) | \$62,999 | \$127,051 | \$103,807 |
| Net income (loss) and comprehensive income (loss) | (\$648,390) | (\$223,724) | \$104,259 | (41,958) | \$42,741 | (\$62,999) | (\$127,051) | (\$103,807) |
| Loss per common share | (\$0.027) | (\$0.011) | (\$0.007) | (\$0.003) | \$0 | (\$0.01) | (\$0.009) | (\$0.007) |
| Cash used in operations | (\$429,791) | (\$154,422) | (\$16,954) | (37,969) | (\$21,071) | (\$7,852) | (\$12,369) | (\$4,991) |
| Cash, end of period | \$938,809 | \$284,274 | \$225,196 | \$29,798 | \$67,767 | \$88,838 | \$96,690 | \$105,479 |
| Assets | \$1,153,124 | \$353,243 | \$291,466 | \$107,868 | \$142,178 | \$155,748 | \$181,881 | \$200,495 |
| Dividends | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

LIQUIDITY AND CAPITAL RESOURCES

Financings

The Company will look to add to its treasury, whenever necessary, through additional financing efforts to continue working on its exploration program.

The Company defines capital as shareholders' equity. The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and
- utilize short term funding sources to manage its working capital requirements.

The Company has no externally imposed restrictions on capital.

As at December 31, 2019, the Company's cash were \$938,809. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. In order to continue its operations, the Company will have to find additional financing and despite the fact it has been successful in the past at raising funds, there can be no assurance the Company will be able to secure financing in the future or that these sources of funding will be available. There is a significant risk that the Company will be unable to secure further financing.

Cash Flow Information

CASH FLOW

| | December 31 | |
|----------------------|-------------------|--------------------|
| | 2019 | 2018 |
| Operating activities | \$ (791,736) | \$ (46,283) |
| Investing activities | \$ - | \$ 3,580 |
| Financing activities | \$ 1,662,778 | \$ - |
| | <u>\$ 871,042</u> | <u>\$ (42,703)</u> |
| Cash | <u>\$ 938,809</u> | <u>\$ 67,767</u> |

Operations Activities:

During the year ended December 31, 2019, funds used for operating activities were spent primarily on operations and promotion of the Company.

Financing Activities:

Disclosure of Outstanding Share Capital as at December 31, 2019.

(a) Share Capital

| | 2019 | | 2018 | |
|--|-------------------|-------------------|------------|--------------|
| | Number | Amount \$ | Number | Amount \$ |
| Balance, beginning of year | 13,644,338 | 28,193,334 | 13,644,338 | 28,193,334 |
| Share issuance with warrants ⁽¹⁾⁽²⁾ | 11,275,000 | 951,053 | - | - |
| Share issuance in consideration of mining properties ⁽³⁾⁽⁴⁾ | 1,500,000 | 327,500 | - | - |
| Warrants exercised ⁽⁵⁾ | 2,630,000 | 400,056 | - | - |
| Share issue costs | - | (49,092) | - | - |
| Balance, end of year | 29,049,338 | 29,822,851 | 13,644,338 | 28,193,334 |

⁽¹⁾ On June 10, 2019, the Company issued 6,200,000 units at a price of \$0.06 per unit, for gross proceeds of \$372,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.12 for a 36-month period. An amount of \$199,098 was recorded as an increase to warrants.

⁽²⁾ On December 20, 2019, the Company issued 5,075,000 units at a price of \$0.20 per unit, for gross proceeds of \$1,015,000. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.30 for a 24-month period. An amount of \$236,849 was recorded as an increase to warrants.

⁽³⁾ On October 16, 2019 the Company issued 500,000 common shares pursuant to the Eureka Property Agreement. The total fair value of the common shares issued was \$87,500. The securities issued under this Agreement are restricted from trading until February 17, 2020.

⁽⁴⁾ On October 29, 2019 the Company issued 1,000,000 common shares pursuant to the R-14 Property Agreement. The total fair value of the common shares issued was \$240,000. The securities issued under this Agreement are restricted from trading until March 2, 2020.

⁽⁵⁾ During the year period ended December 31, 2019, the Company received \$315,600 following the exercise of 2,630,000 warrants at a price of \$0.12 each.

(b) Warrants

At December 31, 2019, the following exercisable warrants were outstanding:

| Warrants | Price | Expiry |
|-----------------|--------------|-------------------|
| 2,537,500 | 0.30 | December 20, 2021 |
| 3,570,000 | 0.12 | June 10, 2022 |
| 6,107,500 | 0.19 | |

(c) Broker Warrants

At December 31, 2019, the following exercisable broker warrants were outstanding:

| Broker warrants | Price | Expiry |
|------------------------|--------------|-------------------|
| 80,000 | 0.20 | December 20, 2021 |
| 80,000 | 0.20 | |

(d) Options

At December 31, 2019, the following exercisable stock options were outstanding:

| Options | Exercisable | Price | Expiry |
|----------------|--------------------|--------------|-------------------|
| 335,000 | 335,000 | 0.50 | July 10, 2020 |
| 455,000 | 455,000 | 0.32 | September 8, 2021 |
| 100,000 | 100,000 | 0.12 | February 6, 2023 |
| 725,000 | 725,000 | 0.11 | July 4, 2024 |
| 200,000 | 200,000 | 0.13 | July 8, 2024 |
| 1,815,000 | 1,815,000 | | |

OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

The Company has no off-balance sheet arrangements.

Commitments

In September 2019, the Company signed a lease contract for its Chibougamau office, expiring in September 2020. Minimum payments, totaling \$12,600, are solely comprised of payments to be made over the next 12 months.

Under rules established by the Ministère de l'Énergie et Ressources naturelles of the province of Québec, the Company is required to spend the amount of approximately \$11,855 to maintain the claims on the properties in 2020, respectively.

In addition, the Company has the following royalty commitments resulting from past transactions:

- * Net profit royalty of 5% on net profits greater than \$250,000 for 4 claims acquired from La Société Minière Colmo.
- * Net smelter royalty of 2% for 26 claims acquired from a prospector in 2010.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019, the Company didn't incur management fees (2018 - \$60,000), to 9132-8757 Quebec Inc., a company owned by Frank Candido, the former President (now Chairman) of the Company. In relation with these transactions no amount was payable as at December 31, 2019 (2018 - \$91,980).

During the year ended December 31, 2019, the Company didn't incur management fees (2018 - reversed of \$105,000 of management fees that had been accrued), to Avanti Management & Consulting Limited, a company owned by Michael Dehn, a former Director of the Company.

During the year ended December 31, 2019, the Company incurred professional fees in the amount of \$26,500 (2018 - \$20,862), to Nathalie Laurin, the Chief Financial Officer of the Company. In relation with these transactions, \$862 was payable as at December 31, 2019 (2018 - \$1,130).

During the year ended December 31, 2019, the Company incurred professional fees in the amount of \$6,376 and exploration and evaluation expenditures in the amount of \$63,619, to 7529449 Canada Inc., a company owned by Michel Chapdelaine, the Vice President Exploration and Chief Operating Officer of the Company. In relation with these transactions, \$32,043 was payable as at December 31, 2019.

| | 2019 | 2018 |
|---------------------------------------|---------|-------|
| | \$ | \$ |
| Salaries and fringe benefits | 50,649 | - |
| Compensation and share-based payments | 86,619 | 7,435 |
| | 137,268 | 7,435 |

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing its financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management. Information about critical judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Judgments

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Company's ability to continue as a going concern.

Mining properties

Even though the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and evaluation of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment of non-financial assets

The Company's evaluation of the recoverable amounts with respect to non-financial assets is based on numerous assumptions and may differ significantly from actual fair values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values.

The Company's estimates of recoverable amount are based on numerous assumptions. Those estimates may differ from actual values, and the differences may be significant and could have a material impact on the Company's financial position and results of operations. Assets are reviewed for an indication of impairment at each statement of financial position date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and significant drop in commodity prices.

Identification of CGUs

CGUs are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The classification of assets into CGUs requires significant judgement and interpretations with respect to the integration between assets, shares infrastructures, and the way in which management monitors the Company's operations.

Valuation of tax credits and credits on duties

The Company is entitled to tax credits and credits on duties on qualified mining exploration expenses incurred in the province of Québec. Management's judgement is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates it has reasonable assurance that the tax credits will be realized.

Estimates

Estimate of the fair value of share options, warrants and the volatility of the shares

The fair value of each option and warrant granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the share options and warrants at the grant date is based on the legal life of the share options and warrants and the historical exercise pattern of option and warrant holders. Management also estimates the expected forfeitures in calculating the fair value of each option. The expected volatility used to calculate the grant date fair value estimated taking into account the historical volatility of the Company's share price over the expected term of the options granted. Historical volatility is revised whenever facts and circumstances indicate that the historical volatility is no longer appropriate. Such facts and circumstances include but are not limited to the Company entering a new phase of mining activity, the development of new technologies, changes to the financial position of the Company, and when the spread between market participants volatility data, derived from the calculation of the fair value of financial instruments and equity instruments issued by the Company, is significant. If management estimates that historical volatility requires an adjustment, the Company also takes into consideration the historical volatility of comparable companies at similar stages of development as the Company as well as the volatility estimates derived from the fair value calculation of financial instruments and equity instruments in periods when this information is available.

Useful lives of property

The Company estimates the useful life of property based on the period over which the assets are expected to be available for use. The estimated useful life of property is reviewed periodically and is updated if expectations differ from previous estimates due to physical wear and tear and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful life of property is based on management's experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of the property would increase the recorded expenses and decrease the non-current assets. Useful life, depreciation rates and residual values are reviewed at least annually as required by IFRS.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Income Taxes

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

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and highly-liquid short-term investments initially maturing within three months of their acquisition date.

Property and Equipment

Property and equipment are accounted for at cost less any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Amortization of equipment is calculated using the declining method and at the following rates:

| | |
|-----------|-----|
| Equipment | 40% |
| Building | 4% |

The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end. Gains or losses arising on the disposal of property and equipment is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of loss and comprehensive loss.

Mining properties

Costs related to exploration and evaluation of mineral properties, option and lease payments and costs of acquiring mineral rights are recognized in profit or loss as incurred.

Any option payments or proceeds from the sale of royalty interests received by the Company are recorded as income in the period received.

Taxation

Tax expense comprises current and deferred tax. Tax is recognized in the statements of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities:

- a) are generally recognized for all taxable temporary differences; and
- b) are recognized for taxable temporary differences arising on mining assets, except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets:

- a) are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- b) are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share-based compensation

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options at the date of grant. For graded vested share options, IFRS 2 requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value. The Company also provides for an estimate of the forfeiture rates in determining the total stock-based compensation expense.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statements of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statements of loss and comprehensive loss is charged with the fair value of goods and services received.

Warrants

The Company measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk-free interest rate. The fair value of warrants issued to agents in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus.

When the Company issues units under a private placement comprising common shares and warrants, it follows the fair value method of accounting for these warrants. Under this method, the fair value of warrants issued is estimated using the Black-Scholes option price model. The fair value is allocated to warrants from the net proceeds and the balance of the net proceeds is allocated to the common shares issued. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus.

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. Proceeds from issuance are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the market price of the existing shares and the amount the investor pays for the flow-through shares. A liability is recognized for this difference and is recorded as a flow-through share premium liability on the statement of financial position. The liability is reversed when the qualifying expenditure is incurred and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of the deferred tax liability and the flow-through share premium liability recognized on issuance.

Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants using the treasury stock method.

Tax credits and credits on duties receivable

The Company is eligible for a refundable credit on mining duties under the Quebec Mining Duties Act. This refundable credit on mining duties is for expenses incurred on mining activities in Quebec. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or rather to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, Income Taxes. In the second case, it is expected that no mining duties will be paid in the future; accordingly, the credit on mining duties is recorded as a government grant under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, which is recorded against exploration and evaluation expenditures.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 28% and is recorded as a government grant against exploration and evaluation expenditures.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits. They will be recognized in profit or loss.

Segment reporting

The Company presents and discloses segment information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Company conducts its business in a single operating segment being the acquisition, exploration and development of exploration properties.

Foreign currency translation

The monetary assets and liabilities of the Company denominated in foreign currencies are translated at the rate of exchange at the statements of financial position date. Revenues and expenses are translated at the average exchange rate prevailing during the period. Exchange gains or losses are included in comprehensive loss.

Impairment of non-financial assets

The Company's non-financial assets are reviewed for indications of impairment at each statements of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss. An impairment loss recognized for goodwill is not reversed.

Reclamation Obligations

Estimated reclamation costs are based on legal, environmental and regulatory requirements. The costs of our active mining operations are accrued, on an undiscounted basis, as a production cost, on a unit-of-production method based on proven and probable reserves. We have made estimates of the final reclamation costs based on mine-closure plans approved by environmental agencies. We periodically review these estimates and update our reclamation cost estimates if assumptions change. Material assumptions that are made in deriving these estimates include variables such as mine life and inflation rates.

Financial instruments

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after January 1, 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39. IFRS 9 has been applied retrospectively by the Company and did not result in a change to the classification or measurement of financial instruments. The Company's financial assets classified at amortized cost continues to be classified at amortized cost and there was no material impact on adoption from the application of the new model. There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2018 that have a material effect on the financial statements of the Company.

Financial assets and financial liabilities at amortized cost

Classification of assets

The Company classifies financial instruments in accordance with IFRS 9. The Company's cash, trade and other receivables and accounts payable and accrued liabilities are classified and measured at amortized cost.

Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The fair values of the Company's financial assets and liabilities classified in this category approximate their carrying amounts due to their short-term nature.

Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognized at cost on the trade date – the date on which the Company commits to purchase or sell the investment. Transaction costs are expensed as incurred in the statement of comprehensive income (loss). Financial assets are derecognized when the rights to receive cash flows have expired or the Company has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets and financial liabilities are measured at amortized cost.

Fair value

The Company estimates the fair value of financial assets classified at amortized cost based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and uses the following hierarchy in determining these estimates:

- Level 1 – Valuations based on quoted prices (unadjusted) are available in active markets for identical financial instruments as of the reporting date.
- Level 2 – Valuations based on inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly.
- Level 3 – Valuations based on inputs are generally less observable or unobservable and significant to the overall fair value measurement. The availability of valuation techniques and observable inputs can vary from financial instrument and are affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these financial instruments existed.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instruments level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

IAS 7 Statement of Cash Flows

The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments were adopted on January 1, 2017 and had not resulted in any material changes in these financial statements or reported results.

IFRS 2 Share based payment

On September 20, 2016, the IASB published final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions.

These amendments deal with variations in the final settlement arrangements including; (a) accounting for cash-settled share-based payment transactions that include a performance condition, (b) classification of share-based payment transactions with net settlement features, as well as (c) accounting for modifications of share-based payment transactions from cash-settled to equity.

As of January 1, 2018, the Company has adopted IFRS 2 and has concluded that, based on its current operations, it had no impact on the Company's condensed financial statements.

RISKS AND UNCERTAINTIES

Nature of Mineral Exploration and Development Projects

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will continue to be successful. Success in establishing reserves is a result of several factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves. Whether a resource deposit will ultimately be commercially viable depends on several factors, including the particular attributes of the deposit such as the deposit's size; its proximity to existing

infrastructure; financing costs and the prevailing prices for the applicable minerals. Development projects have no operating history upon which to base estimates of future cash operating costs.

Particularly for development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns could differ significantly from those estimated for a project before production. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur. The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative.

There can be no assurance that any funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects, with or without the Share Consolidation, or that they can be secured on competitive terms.

Disclosure controls and procedures

Based on continual evaluations of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2019, the design and operation of these disclosure controls and procedures are effective at the reasonable assurance level to ensure that material information relating to the Company would be made known to them by others within the entity, particularly during the period in which the MD&A and the financial statements contained in this report were being prepared.

Internal controls over financial reporting

The Company's Chief Executive Officer and Chief Financial Officer have designed, or have caused to be designed under their supervision, internal controls 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 Chief Financial Officer concluded that there has been no change in the Company's internal control over financial reporting during the period ended December 31 2019, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.