

Northern Lights Resources Corp.

Management Discussion and Analysis

For the Period Ended October 31, 2020

December 30, 2020

The following discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended October 31, 2020, and related notes included therein, prepared in accordance IAS 34, Interim Financial Report (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com. The Company’s website can be found at www.northernlightsresources.com.

The reader should also refer to the audited financial statements for the year ended April 30, 2020.

Northern Lights Resources Corp. (the “Company”) was incorporated under the laws of British Columbia on March 28, 2007. The Company’s principal business activities include the acquisition and exploration of resource properties.

On August 19, 2020, the Company completed a non-brokered private placement of 43,730,014 units at a price of \$0.05 per unit for gross proceeds of \$2,186,501, of which \$70,305 is recorded in subscription receivables. Each unit consists of one common share and one full share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.075 per share until August 19, 2022. The Company paid cash finder’s fees of \$121,200 and issued 2,144,000 broker warrants valued at \$177,000. Each broker warrant is exercisable into one common share at a price of \$0.075 per share until August 19, 2022.

Forward-Looking Statements

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements herein include, but is not limited to, statements relating to the timing, availability and amount of financings; expected use of proceeds; business objectives; the costs and timing relating to the potential acquisition of interests in mineral properties; the timing and costs of future exploration activities on the Company’s future properties; success of exploration activities; permitting time lines and requirements for additional capital. In making forward-looking statements herein, the Company has applied several material assumptions, including, but not limited to, any additional financing needed will be available on reasonable terms, that general business and economic conditions will not change in a materially adverse manner, and that all necessary governmental approvals for the future exploration will be obtained in a timely manner and on acceptable terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such risks and other factors include, among others, risks related to the completion of financings and the use of proceeds; operations and contractual obligations; changes in exploration programs based upon results of exploration; future prices of metals; availability of third party contractors; availability of equipment; failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks of the mineral exploration industry; environmental risks; community relations; and delays in obtaining governmental approvals or financing.

Overview and Going Concern

The Company is in the business of acquiring exploration and evaluation assets. The Company currently has negotiated two property agreements, a property option agreement and a earn-in-agreement (“*see mineral property agreements*” below) and is in the process of looking for an acquisition of additional exploration and evaluation assets. Further, the Company expects its current capital resources will not be sufficient to complete its exploration plans and operations through its current operating year and will be required to raise additional funds through future equity issuances. The Company’s ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern.

The condensed interim financial statements for the period ended October 31, 2020 were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

Results of Operations

The results of operations reflect the overhead costs incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions continues. The Company has not recorded, since the date of its incorporation, any revenues from its mineral exploration and development activities, nor does it expect to record any revenue over the course of the next 12 months.

Mineral Properties

i) Medicine Springs Property

The Company entered into a mineral property option agreement dated August 20, 2017 to acquire 100% of the property in southeastern Elko County, Nevada.

The option agreement is a 6 phase exploration agreement. Completion of all of the phases under the agreement is subject to staged cash payments of \$950,000, equity consideration of USD \$250,000 and incurring exploration expenditures of USD \$2,700,000. The agreement was amended in July 2020 to extend certain due dates.

The Company has the option to proceed with each subsequent Phase in the Option Agreement upon the completion of all cash and equity consideration payments to the vendors in addition to meeting the minimum exploration expenditure payments defined for each Phase of the Option Agreement.

a) Cash payments

- a) Phase 1B - USD \$25,000 (paid)
- b) Phase 2 - USD \$50,000 by December 31, 2020 (“Phase 2 Commencement Date”) (subsequently paid).
- c) Phase 3 - USD \$100,000 by December 31, 2021 (“Phase 3 Commencement Date”).

- d) Phase 4 - USD \$150,000 within 30 days of completion of all phase 3 requirements (“Phase 4 Commencement Date”).
 - e) Phase 5 - USD \$200,000 within 30 days of completion of all phase 4 requirements (“Phase 5 Commencement Date”).
Phase 6 - USD \$425,000 within 30 days of completion of all phase 5 requirements (“Phase 6 Commencement Date”).
- b) Share issuance
- a) Phase 2 - issuance of common shares with a fair market value of USD \$50,000 by December 31, 2021 (issued 1,330,650 common shares fair valued at \$33,266).
 - b) Phase 3 - issuance of common shares with a value of USD \$50,000 by December 31, 2021.
 - c) Phase 4 - issuance of common shares with a value of USD \$50,000 after the Phase 4 Commencement Date.
 - d) Phase 5 - issuance of common shares with a value of USD \$50,000 after the Phase 5 Commencement Date.
 - e) Phase 6 - issuance of common shares with a value of USD \$50,000 after the Phase 6 Commencement Date.
- c) Exploration expenditures
- a) incur USD \$25,000 in exploration upon execution of the agreement (incurred).
 - b) Phase 1B - incur USD \$225,000 by December 31, 2020 (subsequently incurred).
 - c) Phase 2 - incur USD \$300,000 by December 31, 2020.
 - d) Phase 3 - incur USD \$400,000 by December 31, 2021.
 - e) Phase 4 - incur USD \$500,000 within 1 year of the Phase 4 Commencement Date.
 - f) Phase 5 - incur USD \$500,000 within 1 year of the Phase 5 Commencement Date.
 - g) Phase 6 - incur USD \$750,000 within 1 year of the Phase 6 Commencement Date.
- d) NSR
- The mineral claims comprising the Property, are subject to a 2% Net Smelter Royalty (‘NSR’) with an additional 0.5% NSR applicable to the 123 claims previously owned by Newmont Mining Corporation.
- e) Exploration expenditures – completed as of October 31, 2020
- i) the Company incurred US\$24,887 of expenditures by making payments: (i) US\$23,095 to the United States Department of the Interior Bureau of Land Management, and (ii) US\$1,792 to the Elko County Recorder’s Office for 2017 taxation year.
 - ii) the Company incurred US\$25,093 of expenditures by making payments: (i) US\$23,195 to the United States Department of the Interior Bureau of Land Management, and (ii) US\$1,898 to the Elko County Recorder’s Office for 2018 taxation year.
 - iii) the Company has paid the cash option payment of US\$25,000.
 - iv) the Company incurred US\$183,193 (C\$220,845) of exploration expenditures as of October 31, 2020 on the Medicine Property.

On October 5, 2020, the Company executed a Property Option and Joint Venture Agreement (the “Agreement”) with Reyna Silver Corp. (“Reyna Silver”) on the Medicine Springs Project in Elko County, Nevada, USA.

Under the terms of the Agreement, Reyna Silver can earn 75% interest in the Medicine Springs by completing minimum exploration expenditures of USD \$2,400,000 by December 31, 2023, of which USD \$700,000 needs to be spent by December 31, 2021. An additional 5% can be earned by making a cash payment of USD \$1,000,000 to the Company by no later than December 31, 2023.

Upon completion, the Company and Reyna Silver will jointly own 100% of the Medicine Springs and will establish a joint venture. The Company has a free carried interest (with no future repayment) on all exploration expenditures on the Medicine Springs until Reyna Silver has spent a minimum of USD \$4,000,000.

In addition, except for the USD \$50,000 that will be paid by the Company, Reyna Silver will be responsible for the making all remaining cash option payments (USD \$875,000). The Company will make all remaining share issuance obligations (USD \$200,000 worth of common shares of the Company).

After the free carry period is complete, the Company will contribute to joint venture expenditures on an equity basis.

ii) **Secret Pass Gold Project**

During the year ended April 30, 2020, the Company entered into an option agreement, subsequently amended, to acquire 100% interest in the Secret Pass Gold Project located in northwestern Arizona.

Pursuant to the option agreement, the Company agrees to make the following consideration payments:

- a) within 5 working days following the exercise of the option, the Company will pay cash consideration of US\$50,000 (paid);
- b) within 30 days following the exercise of the option, the Company will issue 2,000,000 common shares (issued and valued at \$80,000) (Note 6); and
- c) under the terms of the agreement, the Company will make the following additional payments:
 - i) US\$175,000 on or before September 20, 2019 (paid); and
 - ii) US\$125,000 on or before November 8, 2019 (paid).

There are no third-party royalty's payable on future production from the project.

As of November 7, 2019 the Company was pleased to announce that it had completed the cash consideration payments to the Project vendors totaling US\$350,000 as defined under the definitive purchase agreement for the Transaction announced by the Company on July 15, 2019, issued 2,000,000 common shares to the Project vendors and complete other administrative arrangements required to complete the Transaction. Exploration work throughout 2020 has prepared the "Tin Cup" portion of the property ready for drilling upon state drill permits being issued.

On March 26, 2020 the Company completed the change of registration for the mineral claims acquired under the Secret Pass Gold Project ("Secret Pass") acquisition announced on July 15, 2019. Northern Lights was notified by the State of Arizona Department of Land that as of February 12, 2020, the 84 mineral claims (comprising 868 hectares) associated with Secret Pass are 100% owned and registered in the name of Northern Lights' wholly owned, Arizona registered, subsidiary company Secret Gold Pass LLC.

In September 2020 an airborne geophysics survey over the entire Secret Pass Gold Project was completed. The geological information gathered from the airborne survey along with additional geological studies will provide data to select the best possible drill targets available. The Tin Cup Gold Zone is an initial priority for the Company's exploration work at Secret Pass. The Tin Cup zone accounts for less than 10% of the total license area.

The Company has announced an 8 to 10 hole drill program on the Tin Cup upon permits being issued.

Revenues

Due to the Company's status as an exploration and development stage mineral resource company, and a historical lack of commercial production from its former property, the Company currently does not have any revenues from its operations, nor does it expect to record any revenue over the course of the next 12 months.

General and Administrative Expenses

The Company incurred a loss and comprehensive loss for the six month period ended October 31, 2020 of \$418,379 (2019 - \$188,982).

A brief explanation of the significant changes in expense categories is provided below:

- i) Consulting fees of \$32,108 (2019 – \$26,500) related to the hiring of a consultant for communication services during the current period.
- ii) Filing and regulatory fees of \$47,523 (2019 – \$11,088) increased due to more share activities during the current period.
- iii) Office & miscellaneous of \$17,129 (2019 – \$6,910) increased due to more activities during the current period.
- iv) Professional fees of \$44,497 (2019 – \$25,208) increased due to more legal fees during the current period.
- v) Promotion and advertisement of \$70,664 (2019 – \$18,710) increased due to Company efforts to increase market awareness during the current period.
- vi) Share-based compensation of \$41,247 (2019 – \$Nil) increased due to options granted during the current period.

The Company incurred a loss and comprehensive loss for the three months ended October 31,2020 of \$243,445 (2019 - \$102,044).

A brief explanation of the significant changes in expense categories is provided below:

- i) Consulting fees of \$29,608 (2019 – \$15,000) related to the hiring of a consultant for communication services during the current period.
- ii) Filing and regulatory fees of \$45,011 (2019 – \$8,367) increased due to more share activities during the current period.
- iii) Office & miscellaneous of \$12,680 (2019 – \$3,834) increased due to more activities during the current period.
- iv) Professional fees of \$38,247 (2019 – \$14,008) increased due to the higher legal fees during the current period.
- v) Promotion and advertisement of \$28,033 (2019 – \$9,405) increased due to the Company’s efforts to raise awareness during the current period.
- vi) Share-based compensation of \$102,924 (2019 – \$Nil) increased due to vested portion of options granted during the current period.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters.

Three Months Ended	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
Interest Income	\$ -	\$ -	\$ -	\$ -
Exploration and Evaluation Assets	1,150,912	1,022,464	950,446	917,180
Deficit	6,199,558	5,956,113	5,781,179	5,669,485
Net Loss	(243,445)	(174,934)	(111,694)	(129,689)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)
Three Months Ended	October 31, 2019	July 31, 2019	April 30, 2019	January 31, 2019
Interest Income	\$ -	\$ -	\$ -	\$ -
Exploration and Evaluation Assets	403,558	289,813	284,353	243,487
Deficit	5,539,796	5,437,752	5,350,814	4,986,508
Net Loss	(102,044)	(86,938)	(364,306)	(567,932)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.01)

Liquidity and Capital Resources

At October 31, 2020, the Company had cash of \$1,146,213 (April 30, 2020 – \$6,236).

At October 31, 2020, the Company had a working capital of \$1,198,412 (April 30, 2020 - deficiency of \$345,968).

The Company expects its current capital resources will not be sufficient to meet its business objectives or day-to-day operations through its next quarter or current operating year, and that its continuation as a going concern will be dependent on its ability to raise additional funds through equity issuances. There is no guarantee the Company will be successful in that regard. See “Overview and Going Concern” above.

During the period May 1, 2020 to December 30, 2020, the Company:

- i) completed a non-brokered private placement of 43,730,014 units at a price of \$0.05 per unit for gross proceeds of \$2,186,501, of which \$70,305 is recorded in subscription receivables. Each unit consists of one common share and one full share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.075 per share until August 19, 2022. The Company paid cash finder’s fees of \$121,200 and issued 2,144,000 broker warrants valued at \$177,000. Each broker warrant is exercisable into one common share at a price of \$0.075 per share until August 19, 2022.

Financial Risk Factors

The Company’s financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and loans payables. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

- a) Currency risk

The Company is exposed to nominal foreign currency risk.

- b) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial statement fails to meet its contractual obligations. The Company’s cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

- c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

- d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. At October 31, 2020, the Company had cash of \$1,146,213 and current liabilities of \$95,080. This emphasizes that the Company’s ability to continue as a going concern is dependent on management’s ability to raise the required capital through future equity or debt issuances. See “Liquidity and Capital Resources” above. There is no guarantee that the Company will be able to raise capital. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of natural resource commodities. The Company monitors these prices to determine the appropriate course of action to be taken.

Related Party Transactions

The Company defines key management as officers and directors. During the period ended October 31, 2020, the Company:

- i) paid or accrued management fees of \$45,000 (2019 - \$45,000) to a director of the Company.
- ii) paid or accrued management fees of \$45,000 (2019 - \$45,000) to the Chief Executive Officer (“CEO”) of the Company.
- iii) paid or accrued professional fees of \$6,000 (2019 - \$6,000) to the Chief Financial Officer (“CFO”) of the Company.

Included in prepaid expenses as at October 31, 2020 is \$7,500 (April 30, 2020 - \$ Nil) paid to a Company’s CEO and \$7,500 paid to Company’s director.

Included in accounts payable and accrued liabilities as at October 31, 2020 is \$12,567 (April 30, 2020 - \$133,581) owed to officers of the Company.

Included in loans payable as at October 31, 2020 is \$Nil (April 30, 2020 - \$30,000) owed to a director of the Company.

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Changes in Accounting Policies and Future Accounting Pronouncements

Please refer to the condensed interim consolidated financial statements for the period ended October 31, 2020 located on www.sedar.com.

Critical Accounting Estimates

Please refer to the condensed interim consolidated financial statements for the period ended October 31, 2020 located on www.sedar.com.

Contingencies

There are no contingent liabilities.

Management’s Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

Other MD&A Requirements

As at December 30, 2020, the Company had the following outstanding:

Common shares – 108,270,668 outstanding

Options

Options Outstanding	Exercise Price	Expiry Date
2,550,000	\$0.10	7-Nov-23
3,650,000	\$0.05	23-July-25
2,000,000	\$0.07	10-Dec-25
8,200,000		

Warrants

Warrants Outstanding	Exercise Price	Expiry Date
3,420,000	\$0.075	4-Jul-21
12,627,772	\$0.075	20-Jan-22
43,730,014	\$0.075	19-Aug-22
2,144,000	\$0.075	19-Aug-22
61,921,786		