

QUADRO RESOURCES LTD.

(the “Company” or “Quadro”)

FORM 51-102F1

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED JANUARY 31, 2020

The following management discussion and analysis (“MD&A”) has been prepared by management as of March 23, 2020 and should be read in conjunction with the unaudited interim financial statements and related notes of the Company for the six month period ended January 31, 2020, and the audited financial statements of the Company and related notes for the year ended July 31, 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

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

OVERVIEW

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

The Company holds a 100% interest in the Staghorn property, located in Newfoundland and Labrador, through an option agreement with Metals Creek Resources Corp. (“Metals Creek”) and Benton Resources Inc. (“Benton”) in 2017. The Company also retains one-third interest in the Conche property located on the Great Northern Peninsula, Newfoundland and Labrador by staking. In addition, the Company holds two claim blocks totaling 122 claim units in the St. Anthony area on the Great Northern Peninsula, Newfoundland and Labrador.

In November 2019 the Company entered into an option agreement whereby the Company has the option to acquire a 100% interest in the Long Lake property, located in Newfoundland and Labrador, by making staged cash payments totaling \$100,000 over three years (\$10,000 on signing) and share issuances totaling 5,000,000 common shares over three years (500,000 shares on signing). The vendors will retain a 2% Net Smelter Royalty, half of which can be purchased for \$1,500,000.

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

During the six months ended January 31, 2020, the Company completed a private placement of 8,825,000 non-flow-through units at a price of \$0.05 per non-flow-through unit and 2,575,000 flow-through units at a price of \$0.05 per flow-through unit for gross proceeds of \$570,000.

MINERAL EXPLORATION ACTIVITIES

Staghorn Project, Newfoundland

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

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

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

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

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

Long Lake Gold Property, Newfoundland

The Long Lake property consists of 192 claim units located along the northwest boundary of the Marathon Gold project within an under-explored belt of mineralized volcano-sedimentary and intrusive rocks. Highlights from the property include two areas of strong gold in soil and tills which have never been followed up. The property provides an opportunity for new gold discoveries in the emerging Cape Ray Gold district and is complimentary to Quadro's Staghorn claims located 35 kilometers southeast.

The recovered gold grains consist of mostly silt-sized pristine and modified grains which suggest that the samples were collected in close proximity to the source mineralization. An exploration program consisting of prospecting, geochemistry and excavator trenching is planned once field conditions allow and permitting is approved.

Conche Property/Gunners Cove Property, Newfoundland

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

During reconnaissance prospecting on crown land, led by three personnel of Quadro, Metals Creek and Benton, a new galena, copper, zinc and fluorite zone was discovered over a potential strike length of greater than 300 meter. Assay results had highs

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

Seagull Lake Property, Ontario

The Seagull Lake Property is located 1 hour north of the city of Thunder Bay in Northwest Ontario and 28 km north of the new copper, nickel, platinum, palladium discoveries of Rio Tinto and Magma Metals, now Panoramic Resources Ltd. The North American Palladium mine, the only primary producing palladium mine in Canada, is located 50 km northwest of the Seagull Lake property.

The Seagull intrusion is described as being a 10 km diameter circular intrusive that is composed of ultramafic rocks with a high olivine content that has been derived from a deep mantle source. Layering and multiple phases of intrusion have been recognized which creates a favorable setting for Norilsk-type sulphide accumulation.

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

Qualified Person

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

DISCUSSION OF OPERATIONS

Quadro is an exploration stage company and has no operating revenue. Expenditures related to exploration and evaluation assets are capitalized. The Company did not perform any exploration work on its mineral properties in the first six months of fiscal 2020.

Three month period ended January 31, 2020

During the three months ended January 31, 2020, the Company reported a net loss of \$62,805 compared to a net loss of \$51,980 incurred in the three months ended January 31, 2019. The general operating expenses excluding share-based payment expenses for the three months ended January 31, 2020 were \$62,805 (2019 - \$38,085) and have increased from the comparative period due to increased property acquisition and financing activities. Expense accounts with a higher cost in the current quarter include accounting and audit (2020 - \$8,889, 2019 - \$2,500), administrative fees (2020 - \$5,307, 2019 - \$1,724), management fees (2020 - \$32,500, 2019 - \$24,000), office and miscellaneous (2020 - \$2,627, 2019 - \$574), transfer agent and regulatory fees (2020 - \$4,587, 2019 - \$2,835), and travel and promotion (2020 - \$6,133, 2019 - \$3,827).

Six month period ended January 31, 2020

During the six months ended January 31, 2020, the Company incurred a net loss of \$94,515 compared to a net loss of \$108,301 for the six months ended January 31, 2019. The general operating expenses excluding share-based payment expenses for the six months ended January 31, 2020 were \$94,515 (2019 - \$72,820). Some of the significant expense items are summarized as follows:

- Accounting and audit of \$10,389 (2019 - \$4,000) relate to accounting, audit and tax compliance work.
- Management fees of \$56,500 (2019 - \$48,000) relate to fees to the Company's President and Chief Financial Officer.

Share-based payment expenses of \$nil (2019 - \$35,481), a non-cash charge, are the estimated fair value of the portion of stock options vested during the period. The Company used the Black-Scholes option pricing model for the fair value calculation.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended on January 31, 2020.

	For the Three Months Ending							
	Fiscal 2020		Fiscal 2019				Fiscal 2018	
	Jan. 31, 2020	Oct. 31, 2019	Jul. 31, 2019	Apr. 30, 2019	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018	Apr. 30, 2018
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(62,805)	(31,710)	(126,282)	(79,574)	(51,980)	(56,321)	(86,586)	(98,429)
Net income (loss)	(62,805)	(31,710)	(126,282)	(79,574)	(51,980)	(56,321)	(86,586)	(98,429)
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net income (loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2020, the Company had a cash balance of \$618,764 compared to \$161,105 as at July 31, 2019. The Company had working capital of \$582,463 as at January 31, 2020 compared to working capital of \$115,484 as at July 31, 2019.

During the six months ended January 31, 2020, the cash balance increased by \$457,659 (2019 - decrease by \$287,971). The Company spent \$101,492 (2019 - \$27,305) in operating activities, \$2,183 (2019 - \$nil) on computer equipment purchase and \$18,725 (2019 - \$260,666) on its exploration assets. The Company received \$23,727 (2019 - \$nil) of government grant on exploration expenditures and \$555,882 (2019 - \$nil) of net proceeds from a private placement financing during the period.

Going Concern

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Amounts due to related parties of \$7,471 (July 31, 2019 - \$5,000) are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in receivables are \$8,550 (July 31, 2019 - \$6,244) of rental recovery due from a sublease office tenant with an officer in common with the Company.

Included in prepaid expenses are \$nil (July 31, 2019 - \$8,400) of management fees advanced to the President and Chief Financial Officer of the Company.

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

	2020	2019
Management fees	\$ 56,500	\$ 48,000
Share-based payments	-	28,658

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

- a) Paid or accrued management fees of \$42,000 (2019 - \$36,000) to a company controlled by the President of the Company for management services provided.
- b) Paid or accrued management fees of \$14,500 (2019 - \$12,000) to the Chief Financial Officer of the Company for management services provided.

SUMMARY OF OUTSTANDING SHARE DATA

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

- (1) Authorized: Unlimited common shares without par value.
- (2) As at March 25, 2020, the Company has 39,827,094 common shares, 1,950,000 stock options, and 11,491,000 warrants issued and outstanding.

CRITICAL ACCOUNTING ESTIMATES

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

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

FINANCIAL INSTRUMENTS

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

As of July 31, 2019 and January 31, 2020, the carrying amounts of receivables, trade and other payables, and amounts due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2020, the Company had a cash balance of \$618,764 to settle trade and other payables of \$81,977 and due to related parties of \$7,471. The Company's trade and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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

Interest rate risk

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

RISKS AND UNCERTAINTIES

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

External financing, primarily through the issuance of common shares will be required to fund its activities. There can be no

assurance that it will be able to do so in the future.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting policies

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

IFRS 16 – Leases

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

DISCLOSURE CONTROLS

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

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

ADDITIONAL INFORMATION

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

APPROVAL

The Board of Directors of Quadro Resources Ltd. has approved the contents of this MD&A on March 25, 2020.