



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three and nine months ended September 30, 2021 and 2020**

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") is dated November 29, 2021 and provides relevant information on the operation and financial condition of Satori Resources Inc. ("Satori" or the "Company") for the quarter ended September 30, 2021. The MD&A should be read in conjunction with the Company's financial statements and notes thereto for the quarter ended September 30, 2021 and the year ended December 31, 2020, which have been prepared according to International Financial Reporting Standards (IFRS) and can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

All currency amounts in the MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated.

Satori is a junior mining exploration company and a reporting issuer in each of the Provinces of Ontario, British Columbia and Alberta. Its head and principal office is located at Suite 2702, 401 Bay Street, Toronto, Ontario. The common shares of the Company are listed on the TSX Venture Exchange under the symbol "BUD". Satori's property of merit is the Tartan Lake Gold Mine Project located near Flin Flon, Manitoba ("Tartan Lake" or the "Project"). In the third quarter of 2020, Satori approved the formation of an Advisory Committee and appointed a key technical person having prior experience at the Project. Satori also continues to evaluate new opportunities in the mining sector.

Beginning in the first quarter of 2020, the outbreak of the novel strain of coronavirus ("COVID-19") resulted in governments 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 an economic slowdown and material disruption to certain businesses. Although the Company has experienced increased activity as a result of improved interest in the gold sector, travel restrictions imposed by the Manitoba and Ontario governments have created somewhat of a slow-down in the ability to transact business as a result of the self-isolating measures. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods. Further, the Company may, from time to time, be required to manage wildfire hazards in northern Manitoba, and should such exposure become apparent, the Company shall follow all wildfire safety restrictions and procedures that may be, from time to time, imposed by management and/or the Manitoba government.

## **INCORPORATION AND BASIS OF PRESENTATION**

Satori was incorporated on October 24, 2011 under the Business Corporations Act (British Columbia).

## **NATURE OF OPERATIONS**

The Company's activities are currently directed towards exploration and development of a mineral property near Tartan Lake in the Province of Manitoba, Canada. Satori's principal project is the Tartan Lake Gold Mine Project, a mineral property which hosts a past-producing underground mine.

## **CORPORATE UPDATES**

On February 5, 2021, the Company announced the following 2021 exploration guidance:

- An initial drill program testing the down plunge continuation of the Main Zone mineralization at depth where historic up plunge holes intersected up to 13.23 g/t Au over 4.8 metres ("m") and 7.96 g/t Au over 2.3 m.
- Follow up geophysical surveys and diamond drilling of new targets identified from recent geophysical compilation study.
- Drilling Permit application has been submitted to the Mines office, Manitoba.
- Road maintenance has recently been completed in order to prepare for a winter drill program.
- Environmental regulatory applications to be submitted for mine development evaluations.
- Controlled Source Audio Magnetotelluric (CSAMT) survey to evaluate the down plunge potential of the Main and South Zones at depth to be completed.

- Induced Polarization (IP) survey to evaluate the along strike extent of the host shear zone system to the east and west of the historic mine, as well as to evaluate select target areas along the conductive anomaly highlighted by the older HLEM and VTEM surveys, to be completed.
- Technical team will be expanded.

On February 26, 2021, the Company announced that it received the necessary permits required to commence drilling at the Project. Preparatory work on the access road commenced, drilling tenders were solicited, and technical staff was engaged to supervise a 3,200 m diamond drill program targeting the down plunge continuation of the Main Zone vein system. Satori plans to apply a modern, systematic approach to exploration at the Tartan Lake Gold Mine Project.

On April 19, 2021, Satori announced that diamond drilling had commenced on the first hole of an initial 3,000 m diamond drill program. Hole TLMZ21-01 is planned to intersect the Main Zone at a vertical depth of 600 m, approximately 25 metres west of the previously drilled section. Hole NAP271W4, one of the most westerly holes drilled on Section 324325E intersected 7.96 g/t Au over 2.3 m (true width). In preparation for this drilling campaign, Satori completed a ground reconnaissance program in late 2020.

On May 10, 2021, the Company announced that the initial diamond drill hole at Tartan Lake, the deepest hole drilled at Tartan to date, was completed, and follow up wedge holes targeting the Main Zone mineralization are progressing as planned. Hole TLMZ21-01 targeted the interpreted down plunge continuation of the Main Zone mineralization at a depth of 700 m from surface. Geological logging is complete and sample analysis is underway.

On June 28, 2021, Satori announced the closing of a private placement, raising gross proceeds of \$1,714,350. The Company issued 10,450,000 flow-through common shares at a price of \$0.135, and 2,760,000 common shares at a price of \$0.11 per share.

On August 11, 2021, the Company reported on results of its Phase One drill program. Overall, five of six holes planned were completed, four of which intersected typical quartz-carbonate-tourmaline veining typical of the Main Zone mineralization. These results expanded upon and confirmed prior drill results, indicating that the Main Zone remains open at depth, offering immediate potential to increase the mineral resources through further drilling. The Company also noted that the Phase 2 program commenced.

On October 7, 2021, Satori reported drill results of its first hole (TLSZ21-05) drilled in its Phase II drilling campaign, targeting a separate location, the South Zone. The results suggest continuous gold mineralization within the deposit area, and hole TLSZ21-05 is the longest high-grade intercept returned to date, averaging 9.59 g/t Au over 11.75 metres. This hole is the fifth diamond drill hole of Satori's 2021 drilling campaign, and is proximal to the underground ramp/decline. Previous holes reported targeted the Main Zone mineralization, 200 metres to the northwest.

On October 14, 2021, the Company reported the results from the second hole (TLSZ21-06) drilled at the South Zone, intersecting 8.79 g/t Au over 4.8 metres. TLSZ21-06 was the second of eight holes completed during Phase II of Satori's 2021 drilling campaign.

On October 14, 2021, Satori reported results from three holes, TLSZ21-07, 08, and 09; all of which targeted an interpreted west plunge at the South Zone. TLSZ21-07 and 08 both intersected several metres of quartz-carbonate-tourmaline veining with associated sulphides, averaging 6.73 g/t Au over 5.0 metres and 8.03 g/t Au over 4.0 metres respectively. Combined with the previously reported intercepts in holes TLSZ21-05 (9.59 g/t Au over 11.75 metres) and TLSZ21-06 (8.79 g/t Au over 4.8 metres), these holes filled in an approximate 100 metre x 100 metre gap in the South Zone drill coverage, averaging 7.28 g/t Au over 7.75 metres (average core interval length). All four holes are 100 to 200 metres from surface. TLSZ21-09 targeted the eastern limit of the interpreted plunge vector, approximately 100 metres from surface. It intersected 1.0 metres averaging 2.22 g/t Au, confirming the eastern limit of the high-grade core.

## **MINERAL PROPERTIES**

Tartan Lake is owned 100% by the Company and is subject to a 2% net smelter return royalty ("NSR"). The Company has the right to buy-down the NSR at any time for \$1 million per each 1%.

On October 26, 2020, Satori entered into a property option agreement to earn a 100% interest in the New

Delhi Gold Project, an advanced polymetallic gold property located in Ontario's Sudbury Mining Division. Under the terms of this agreement, Satori had the right to earn a 100% interest in the New Delhi project by making certain payments. On November 22, 2021, the Company gave notice that it was terminating the option agreement.

During the nine months ended September 30, 2021, the Company incurred a total of \$1,882,375 (year ended December 31, 2020 – \$187,637) of deferred exploration expenditures.

### **Tartan Lake Gold Mine Project, Flin Flon, Manitoba - 100% Interest**

#### **Overview and Project History**

The Tartan Lake Gold Mine Project is located 12 kilometres ("km") directly northeast of the town of Flin Flon, Manitoba, Canada. The Project is approximately 2,670 hectares in area and consists of 20 mineral claims. Tartan Lake is road accessible from Flin Flon by means of all-season gravel road which turns north from paved Highway 10 over a total distance of approximately 29 km. The town of Flin Flon has all the services to support mineral exploration and mining and is accessed by highway, railroad, and regularly scheduled air service. Tartan Lake is serviced by grid electricity.

The Tartan Lake Gold Mine Project was operated by Granges from 1987-1989 with approximately 47,000 ounces of gold recovered. The operation consisted of a 450 tonne per day gold processing facility with related infrastructure, a vent raise to surface, and a decline ramp providing access to six Levels accessing the Main and South Zones to a vertical depth of 315 m. In 1989, the process facility ceased operations due to low gold prices and a significant mechanical failure and was placed into care and maintenance, while the ramp and underground workings were allowed to flood. The electricity grid power connection and on-site heating remain operational.

#### **Project Geology**

The Tartan Lake Gold Mine Project is located within the Flin Flon greenstone belt ("FFGB"). The FFGB belt is a collection of tectonic assemblages that was assembled early in the evolution of the Paleoproterozoic Trans-Hudson Orogen. The portions of the belt exposed on or near surface are approximately 250 easterly by 75 northerly km. The FFGB has undergone four major phases of deformation. These have contributed to the development of the major structures that host the gold mineralization at Tartan Lake. Sub-greenschist facies metamorphism is present in the southern of the property increasing to amphibolite facies to the north near the Kisseynew domain.

The Tartan Lake shear zone complex is a strong east-west trending zone, which contains the Tartan Lake gold deposits. Near the mine, the main shear zone forms the contact between the footwall gabbro/diorite intrusive to the south and the hanging wall Amisk Group rocks to the north. The shear zone is 30 to 50 m wide, steeply dips to the north and trends to the west. Gold mineralization at Tartan Lake Mine is hosting within multiple sub-parallel, anastomosing quartz carbonate mesothermal veins hosted within steeply dipping east-west shear zones with a trend and plunge about 70° to the northwest.

The gold mineralization is dominated by free gold with various associated sulphide minerals. The highest gold grades were associated with pyrite and chalcopyrite. Historically, much of the gold reported to the gravity circuit with the remaining recoverable gold extracted from the gravity tails through flotation/cyanidation.

#### **Exploration Expenditures**

As at September 30, 2021, the capitalized acquisition and exploration expenditures at Tartan Lake were \$4,235,672 (December 31, 2020- \$2,353,297). Management has assessed the overall market conditions and determined that there have been no fundamental changes to the Tartan Lake Gold Mine Project.

#### **Mineral Resource Estimate**

On February 23, 2017, the Company announced a resource estimate for its 100% owned Tartan Lake Gold Mine Project.

The mineral resources were estimated by Mining Plus Canada Consulting Ltd. ("Mining Plus") in accordance with NI 43-101 and as set out in the Canadian Institute of Mining, Metallurgy and Petroleum

Definition Standards for Mineral Resources and Mineral Reserves (2014). Allan Armitage, Ph.D., P. Geol, of GeoVector Management Inc., is the independent qualified person, as defined by National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators, for the resource estimate. Dr. Armitage is a resident of Fredericton, New Brunswick and a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

The mineral resource estimate is summarized in Table 1 at a range of cut-off grades.

**Table 1: 2017 Mineral Resource Statement, Tartan Lake Gold Mine Project**

<b>Cut-off Grade</b>	<b>Tonnes</b>	<b>Grade (g/t Au)</b>	<b>Au Ounces</b>
<b>Indicated Resources</b>			
0.0 g/t	4,720,000	2.42	367,000
2.0 g/t	1,820,000	4.97	290,000
<b>3.0 g/t</b>	<b>1,180,000</b>	<b>6.32</b>	<b>240,000</b>
4.0 g/t	830,000	7.55	201,000
<b>Inferred Resources</b>			
0.0 g/t	1,210,000	1.92	75,000
2.0 g/t	450,000	3.74	54,000
<b>3.0 g/t</b>	<b>240,000</b>	<b>4.89</b>	<b>38,000</b>
4.0 g/t	140,000	5.93	27,000
Notes:			
1. CIM Definitions Standards (2014) were followed for mineral resource estimation.			
2. The Qualified Person is Allan Armitage, Ph.D., P. Geol, of GeoVector Management Inc.			
3. All figures are rounded to reflect the relative accuracy of the estimate			
4. Mineral resources are not mineral reserves and do not have demonstrated economic viability			
5. The estimate of mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues			
6. Effective date of the mineral resource estimate is February 20, 2017			

## **RESULTS OF OPERATIONS**

### **FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

#### Overview

For the three and nine months ended September 30, 2021, Satori reported a net loss of \$100,489 and \$479,256, respectively (three and nine months ended September 30, 2020 - net loss of \$158,044 and \$350,971, respectively).

#### Revenues

Satori is in the exploration and development stage and has no revenue from mining operations.

#### Non-Exploration Expense Summary

General and administrative expenses increased during the three and nine months ended September 30, 2021, compared to the three and nine months ended September 30, 2020, as the Company saw an increase in general corporate business activity and preparations for and execution of the 2021 exploration season. Management fees increased due to both an increase to fees paid to certain persons as well as paying additional persons for services.

During the three and nine months ended September 30, 2021, directors were paid a total of \$20,000 and \$63,996, respectively (September 30, 2020 - \$22,974 and \$54,974, respectively) for their services.

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*Three and nine months ended September 30, 2021 and 2020*

Stock-based compensation increased in 2021 compared to 2020. This is non-cash in nature and is generally a function of number of options granted and their terms.

Investor relations expenses increased as a result of a market more receptive to junior exploration companies and interest from investors. With significant exploration activities recommencing in 2021, proper insurance was required and secured. Professional services are secured as needed, resulting in fluctuations year-over-year.

A summary of the activity for the three and nine months ended September 30, 2021 and 2020 is as follows:

	Three Months		Nine Months	
	2021	2020	2021	2020
Stock-based compensation ( <i>note 8</i> )	\$ ---	\$ 49,570	\$ 154,050	\$ 105,070
Management fees	51,000	51,000	153,000	493,000
Investor relations, advertising and promotion	51,483	10,318	71,812	12,847
Directors fees	20,000	22,974	63,996	54,974
Salaries, wages and benefits	9,131	2,391	30,068	5,523
Filing and transfer agent fees	18,482	3,513	28,970	13,311
Insurance	8,666	2,835	25,277	8,235
Accretion ( <i>note 6</i> )	5,483	5,375	16,448	16,123
Consulting fees	3,075	6,638	13,982	18,638
Office and miscellaneous	(1,459)	10,343	10,733	11,398
Legal and paralegal	1,622	4,890	3,552	4,890
Professional fees	119	---	3,079	18,765
Travel	---	3,105	---	3,105
<b>Total expenses</b>	<b>\$ 167,602</b>	<b>\$ 172,952</b>	<b>\$ 574,967</b>	<b>\$ 365,879</b>

Exploration Activities and Expenditures

A summary of exploration activity at Tartan Lake for the nine months ended September 30, 2021 and the year ended December 31, 2020 is as follows:

	Nine months Ended September 30, 2021	Year Ended December 31, 2020
<b>Opening balance</b>	<b>\$ 2,353,297</b>	<b>\$ 2,165,660</b>
Exploration – Tartan Lake	1,882,375	187,637
<b>Total Capitalized Costs, end of period</b>	<b>\$ 4,235,672</b>	<b>\$ 2,353,297</b>

During the year ended December 31, 2020, the Company paid \$54,400 to acquire the New Delhi project located in Ontario's Sudbury Mining Division. No exploration activity has yet commenced at this site.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at September 30, 2021, the Company had \$819,205 in cash (December 31, 2020 - \$1,259,568) and working capital of \$707,831 (December 31, 2020 – \$1,269,951).

The Company is a junior resource exploration and development corporation and, accordingly, it does not have the ability to generate sufficient amounts of cash from earnings or asset sales to pay for its operating costs, even in the short term. The Company budgets exploration, development and administrative expenses prudently and closely monitors monthly expenditures, investments and cash resources.

The activities of the Company, principally the exploration and development of mineral properties, are therefore financed through the sale of equity securities. These equity offerings generally take the form of private placements but may also include the exercise of warrants and options. The Company's ability to raise capital and the timing of such events will depend on the liquidity of the financial markets as well as the willingness of investors to finance resource-based junior companies.

## **LONG TERM OBLIGATIONS**

The Company has no long-term debt obligations other than its Site Restoration Obligation ("SRO"). The Company accounts for obligations associated with the retirement of tangible long-lived assets by recording them as liabilities when those obligations are incurred, with the amount of the liability initially measured at the discounted (present) fair value of the obligation. Since the SRO is initially recorded at present value, an accretion expense is recorded on the statement of operations with a corresponding increase to the liability every quarter until the estimated time at which the obligation will occur. These obligations are capitalized in the accounts of the related long-lived assets and are amortized over the useful lives of the related assets. It is possible that the Company's estimate of its ultimate SRO could change as a result of changes in regulations, the extent of environmental remediation required and the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period these estimates are revised.

Satori's site restoration provision of \$1,102,132 (December 31, 2020 - \$1,085,684) is based on management's best estimate of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred.

Satori's asset retirement obligation was determined based on an undiscounted future liability of approximately \$1,248,820 adjusted for estimated inflation of 1.88% and discounted at 2.02%, with reclamation occurring in 2027. During the three and nine months ended September 30, 2021, accretion expense \$5,483 and \$16,448, respectively, was recorded (three and nine months ended September 30, 2020 - \$5,375 and \$16,123, respectively).

## **SUMMARY OF QUARTERLY RESULTS**

Following is a summary (in dollars) of selected financial data for the Company's last eight completed quarters:

	<b>Sep. 30 2021</b>	<b>Jun. 30 2021</b>	<b>Mar. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Sep. 30 2020</b>	<b>Jun. 30 2020</b>	<b>Mar. 31 2020</b>	<b>Dec. 31 2019</b>
<b>Net Loss</b>	100,489	102,019	276,748	96,297	158,044	131,976	60,951	145,612
<b>Loss per Share</b>	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditures required to advance its projects.

Although the Company has experienced increased activity as a result of improved interest in the gold sector, the 2020 outbreak of COVID-19 has resulted in travel restrictions imposed by the Manitoba government which has created somewhat of a slow-down in the ability to transact business as a result of the self-isolating measures. At this time, it is not possible to reliably estimate the length and severity of these developments.

See Results of Operations (above) for more information.

## **CAPITAL STOCK INFORMATION**

### Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value. The holders of the common shares of the Company are entitled to vote at all shareholder meetings and to receive such dividend as the Board of Directors of the Company in its discretion shall declare.

### Issued and Outstanding

As of September 30, 2021, the Company had 74,780,084 common shares outstanding.

### Incentive Stock Options

On March 30, 2021, the Company granted 1,500,000 stock options to directors, officers and consultants. The stock options carry an exercise price of \$0.15, and vest immediately. The value ascribed to this issue was \$154,050 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.14; risk free rate of return – 0.97%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$154,050 during the quarter ended March 31, 2021 in relation to the vesting of these options.

On March 31, 2021, 50,000 options expired unexercised. On August 24, 2021 100,000 options expired unexercised

### Share Purchase Warrants

As of September 30, 2021, the Company had 13,200,000 share purchase warrants outstanding.

### **Warrants Outstanding**

<b>Warrant Type</b>	<b>Number of Warrants</b>	<b>Value Assigned</b>	<b>Exercise Price</b>	<b>Date of Expiry</b>
Investors	10,600,000	241,711	0.06	November 22, 2021
Investors	2,600,000	56,617	0.06	December 21, 2021
<b>Balance, September 30, 2021</b>	<b>13,200,000</b>	<b>\$ 298,328</b>		

In September 2021, 900,000 warrants with an exercise price of \$0.06 were exercised for proceeds of \$54,000. Subsequent to quarter-end, 11,400,000 warrants with an exercise price of \$0.06 were exercised for proceeds of \$684,000. On November 22, 2021, 1,500,000 warrants with an exercise price of \$0.06 expired unexercised.

## **OFF BALANCE SHEET ARRANGEMENTS**

There were no off-balance sheet arrangements as at September 30, 2021.

## **CONTRIBUTED SURPLUS**

Contributed surplus includes Satori's actual share-based payments and part of warrants reserve in the event of expiry of warrants.

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Opening balance</b>	<b>\$ 5,935,582</b>	<b>\$ 5,834,496</b>
Expiry of warrants	---	31,500
Book value of options exercised	---	(35,484)
Vesting of share-based payments	154,050	105,070
<b>Ending balance</b>	<b>\$ 6,089,632</b>	<b>\$ 5,935,582</b>

## RELATED PARTY TRANSACTIONS

### *Management compensation*

The Company incurred the following expenditures charged by companies controlled by current directors and officers of the Company:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock-based compensation ( <i>note 8</i> )	\$ ---	\$ 49,570	\$ 154,050	\$ 105,070
Fees – President and CEO	22,000	22,000	66,000	42,000
Fees – Executive Chairman	22,000	22,000	66,000	30,000
Fees - CFO	7,500	7,500	22,500	22,500
Other director fees	12,000	14,974	36,000	30,974
Director consulting fee	---	---	13,600	---

During the three and nine months ended September 30, 2021, the Company paid its President and CEO a total of \$18,000 and \$54,000, respectively for her role as an Executive Officer and \$4,000 and \$12,000, respectively for her role on the Board (September 2020 - \$6,000 and \$18,000, respectively, for her role as an Executive Officer and \$4,000 and \$12,000, respectively for her role on the Board). During the three and nine months ended September 30, 2021, the Company paid its Executive Chairman a total of \$18,000 and \$54,000, respectively for his role as an Executive Officer and \$4,000 and \$12,000, respectively for his role on the Board (September 30, 2020, a total of \$18,000 and \$18,000, respectively for his role as an Executive Officer and \$4,000 and \$12,000, respectively for his role on the Board). During the three and nine months ended September 30, 2020, the Company paid its CFO a total of \$7,500 and \$22,500, respectively (September 2020 - \$7,500 and \$22,500, respectively).

As of September 30, 2021, \$NIL (December 31, 2020 - \$57,689) is owed to management and directors, on account of fees and expenses, and is included in accounts payable and accrued liabilities on the statements of financial position.

A director received project-related consulting fees totaling \$13,600 during the first quarter of 2021. This amount is capitalized and included in mineral properties and deferred exploration and development expenditures on the interim condensed statement of financial position.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing the Company's financial statements, estimates and assumptions are made by management that affect the amounts reported in the financial statements and accompanying notes. Based on historical experience, current conditions, expert advice and the application of accounting policies, management makes assumptions that are believed to be adequate and reasonable under the circumstances. The Company's accounting policies are the same as described in the audited financial statements for the year ended December 31, 2020.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chairman of the Board of Directors of the Company is responsible for establishing and maintaining controls and procedures regarding the communication of information about the Company, as well as internal controls over its financial reporting. The Chairman of the Board of Directors has conducted an evaluation of the controls and procedures regarding communication of information and has concluded these controls and procedures were effective for the year ended December 31, 2020. The Chairman of the Board of Directors is responsible for designing internal controls over financial reporting or for causing it to be designed under his supervision. During the year ended December 31, 2020, all existing systems have been documented and inadequacies have been corrected, as necessary. The Chairman of the Board of Directors

has evaluated whether there were changes to internal control over financial reporting during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through this evaluation.

## **OUTLOOK**

The Company continues to investigate financing and re-commissioning activities in respect of the Tartan Lake Gold Mine project that are conducive to market conditions, which includes but is not limited to discussions with geological services companies as it relates to exploring and updating or assessing project economics. Given the price of gold during the first nine months of 2021, and results from exploration activities, the Company may have improved opportunities to fund and advance activities at the Tartan Lake Gold Mine Project, either directly or indirectly through funding partners. Notwithstanding that, Satori continues to actively review other opportunities and potential corporate transactions, particularly given the changing market conditions.

## **RISKS AND UNCERTAINTIES**

The exploration and development of mineral deposits involves significant risks over an extended period of time and even a combination of careful evaluation, experience and knowledge may not be able to mitigate the risks. Few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be primarily related to its ability to finance its working capital and operations which in part will be related to the cost and success of its exploration programs. Additionally, there are a number of factors beyond the Company's control, including but not limited to the availability of skilled personnel, qualified vendors, construction and production targets and timelines, anticipated timing of grant of permits and governmental incentives, favourable commodities markets, contractual commitments, litigation matters, the ability to mitigate financial and operational risks, the ability to access capital markets and the availability of critical equipment.

Substantial expenditures are required to establish reserves through drilling in order to determine the technical and economic feasibility of mining and extracting resources, and, if warranted, to develop the mining and processing facilities and infrastructure at any chosen site. Although substantial benefits may be derived from the discovery and mining of a mineralized deposit, it is impossible to ensure that the current mineral resources can be converted to mineral reserves or that the mineral properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration and development expenditures will prove accurate and actual expenditures may be significantly higher than currently anticipated. Satori cannot provide any assurance that its proposed development plan will result in any commercial mining operation. Determining if a deposit will be commercially viable depends on a number of factors, including the attributes of the deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use and environmental protection. The effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company receiving an inadequate return on its invested capital, if any.

As stated above, the exploration and development of mineral projects always involves significant risks over an extended period of time even when a combination of careful evaluation, experience and knowledge is evident. There is no assurance that an exploration project can be profitable or successful. The long-term viability of the Company's operations will be in part correlated to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control, including by not limited to commodity prices, the availability of skilled personnel, qualified vendors and critical equipment.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labour standards, occupational health and mine safety and waste disposal, toxic substances, land use and environmental protection. To comply with such laws and regulations, Satori may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if Satori's activities violate any such laws and regulations, Satori may be required to compensate those suffering loss or damage and may be fined if convicted of an offence under such legislation. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental

authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of Satori's proposed activities and delays in the exploration of properties.

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially toxic substances and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations, Satori may be required to allocate financial resources to land reclamation that might otherwise be spent on further exploration or development programs.

Satori cannot provide any assurances that title to its properties will not be challenged. Such property is owned, leased or held under option as unpatented and patented mining claims, mineral claims or concessions. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. Satori may not be able to obtain all necessary surface rights to develop a property. The failure to acquire any or all of such rights may prevent exploration and development, even if such exploration or development would be warranted by exploration results achieved. A successful claim contesting Satori's title to a property will cause Satori to lose its rights to explore and, if warranted, develop that property. This could result in Satori not being compensated for prior expenditures relating to the property.

Satori has limited financial resources. As at September 30, 2021, Satori has a working capital of \$707,831. Satori does not generate operating revenue and must finance its exploration activity by other means, including financing through joint ventures, debt financing and equity financing. Satori cannot provide any assurance that funding will be available for exploration or development or to fulfill anticipated obligations under the existing property agreements with respect to its property. If Satori fails to obtain necessary financing, it may have to delay or cancel exploration and / or development, or alternatively, consider transactions with third parties.

Access to capital is typically a challenge facing resource-based junior companies. Over the past number of years very few equity financings were being completed for higher-risk resource-based junior companies. However, given the increase in the price of gold, there may be a corresponding positive effect for Companies such as Satori with brown-fields gold assets, if the price of gold continues to rise.

This recent relative strength of metal prices has encouraged increases in mining exploration, development and construction activities around the world, however, it may result in increased demand for, and the cost of, exploration, development and construction services and equipment. While the market conditions mentioned above have had a moderating effect on the costs of such services and equipment, increases in such costs may continue with sustained or increasing metal price levels or an improvement in global market conditions. Increased demand for services and equipment could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability and may cause scheduling difficulties due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development and/or construction costs.

Satori will compete with other exploration and development companies, many of which have greater financial resources than Satori or are at more advanced stages of development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If Satori requires and is unsuccessful in acquiring additional mineral properties or personnel, Satori may not be able to grow at the rate desired or at all.

If commercial production is possible, Satori will require additional funds to place an ore body into production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and rehabilitate the mining and processing facilities at Tartan Lake. The sources of external financing that Satori may use for these purposes include public or private offerings of debt, convertible notes and equity. In addition, Satori may enter into one or more strategic alliances and may utilize one or a combination of all these alternatives. Satori cannot provide any assurance that the financing alternative chosen will be available on acceptable terms, or at all. If additional financing is not available, Satori may have to postpone the development of, or sell, certain of its properties.

Further, during this COVID-19 environment, the Manitoba government has imposed travel restrictions and self-isolating and work-from-home parameters on persons both in and entering the province. While this has not had a material adverse affect on operations, it created somewhat of a slow-down in the Company's ability to transact business and may have a negative adverse effect on the Company's opportunity, if any, to carry out field work over the summer 2021. It is not possible to reliably estimate the length and severity of this COVID -19 environment and its impact on the ability of the Company to carry out operations.

Lastly, during the wildfire season in Manitoba, there may be times when high to extreme fire danger conditions could affect the region in proximity to the Tartan Lake Project, and activities may become subject to fire and travel restrictions within the province.

### **Forward Looking Statement**

All statements other than those of a historical nature are "forward-looking statements" that may involve a number of unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

This document contains forward-looking information that is based on expectations, assumptions and estimates as of the date of this document. The Company's forward-looking information is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward looking information. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "may", "could", "would", "target", "objective", "projection", "forecast", "continue", "strategy", or the negative of those terms or other variations of them or comparable terminology.

Forward-looking statements include among others: any future development of the Tartan Lake Gold Mine deposit, the timing and completion of the drilling and other exploration activities, delineation of a mineral resource and the conversion of minerals resources to mineral reserves.

In formulating the forward-looking information above, the Company has made assumptions regarding general financial market conditions and the availability of financing.

While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents management's views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. The Company has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See also "Risks and Uncertainties".

### **Additional Information**

Additional information about Satori Resources Inc. may be obtained from the Company's website at [www.SatoriResources.ca](http://www.SatoriResources.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Management's Responsibility**

Management is responsible for all information contained in this annual MD&A and the accompanying Financial Statements. The Financial Statements for the periods ended September 30, 2021 have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained

in the unaudited condensed interim financial statements for the periods ended September 30, 2021 in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

**Approval**

The Board of Directors has approved the financial statements on the recommendation of the Audit Committee.