



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three and nine months ended September 30, 2020 and 2019**

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") is dated November 26, 2020 and provides relevant information on the operation and financial condition of Satori Resources Inc. ("Satori" or the "Company") for the quarter ended September 30, 2020. The MD&A should be read in conjunction with the Company's financial statements and notes thereto for the quarter ended September 30, 2020 and the year ended December 31, 2019, 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, as its first and lead member. Satori is also in the process of evaluating new opportunities in the mining sector.

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 2016 exploration drilling was carried out under the supervision of Peter Karelse P.Geo., registered in the Province of Ontario, a Geological Consultant, who was the qualified person as defined by NI 43-101, and Mr. Karelse managed, as the Qualified Person, an independent geological services consulting group on site for the 2017 drilling campaign.

Beginning in the first quarter of 2020, the outbreak of the novel strain of coronavirus ("COVID-19"), has 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 management has experienced increased activity as a result of improved interest in the gold sector, travel restrictions imposed by the Manitoba government has 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.

## **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.

In 2010, the Project's previous owner completed a NI 43-101 compliant technical report which outlined mineral resources associated with the Tartan Lake Gold Mine. The technical report was filed under the SEDAR profile of St. Eugene Mining Corporation Limited on September 23, 2010. During the first quarter 2017, Satori completed an updated NI 43-101 technical report on the Tartan Lake Gold Mine Project which was filed on SEDAR on April 7, 2017.

## **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 announced that it 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 has the right to earn a 100% interest in the New Delhi project by making the following payments: \$40,000 (\$5,000 paid) and issuing 120,000 common shares upon receipt of the approval from the TSX Venture Exchange, \$45,000 and issuing 159,000 shares on the first anniversary, \$50,000 and the issuance of 180,000 common shares on the second anniversary, and \$75,000 and the issuance of 300,000 shares on the third anniversary. Upon earning a 100% interest in the New Delhi project, Satori shall grant the vendors a 2% NSR, pursuant to which 1% may be bought-down by Satori in consideration for \$1,000,000, and Satori shall have a right of first refusal to purchase the remaining 1% NSR.

During the nine months ended September 30, 2020, the Company incurred a total of \$93,565 (nine months ended September 30, 2019 – \$13,072) 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 in Manitoba, Canada 12 kilometres ("km") directly northeast of the town of Flin Flon. 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 roads which turn 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 metres ("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.

Main Zone

Twelve individual shears make up the Main Zone which is located in the gabbroic complex near the contact between the metagabbroic and metavolcanic rocks. The historic gold resources are predominantly hosted in the Main Zone. Two gold-bearing lenses that strike 90°, dip steeply to the north, and plunge 70° west to northwest make up the Main Zone. The first lens is 60 m long and 90 m high, extending to the 90 m level of the mine. The second lens is 40 m long near surface expanding to 200 m long on the 200 m level and 150 m on the 300 m level of the mine. The second lens is located 5 to 10 m in the footwall of the first lens.

The Main Zone mineralization was accessed by a 2,100 m long, 4.3 m high by 4.5 m wide decline to a depth of about 315 m below surface. Mineralization is defined to ~575 m below surface. The average width of historic stopes was 7.8 m.

South Zone

A set of veins in the footwall of the Main Zone form the South Zone which are interconnected and sub-parallel. These shears are entirely in the gabbroic complex. The South Zone consists of three smaller blocks of historic resources. Lens 3b is interpreted to be a possible extension of the South Zone. Granges intersected Lens 3b in drill holes in 1995 and 1996 and based on the host rocks, structural setting and mineralization appears to be similar to the Main Zone. The zone is defined to ~275 m depth below surface.

Southeast Zone

The Southeast Zone is to the east and is hosted by the same east-west trending shear zone as the South Zone. It is also entirely in the gabbroic complex. Like the South , it is also similar to the Main Zone based on the structural setting and mineralization. There is no underground development in the Southeast Zone but a drift was about 75 m away when the mine shut down. The zone is known to ~200 m depth.

Exploration Expenditures

As at September 30, 2020, the capitalized acquisition and exploration expenditures at Tartan Lake were \$2,259,225 (December 31, 2019- \$2,165,660). Management has assessed overall market conditions and determined that there have been no fundamental changes to the Tartan Lake Gold Mine Project.

Underground Resource Estimate

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

The mineral resource estimate was prepared 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. The results are summarized in Table 1 at a range of cut-off grades.

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

Cut-off Grade	Tonnes	Grade (g/t Au)	Au Ounces
<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 were followed for mineral resources
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

The Mineral Resources exist over a strike length of 625 m down to a maximum depth of 575 m below surface in the Main Zone and 275 m below surface in the South Zone. The Main and South Zones remain open along strike and down-dip beyond the limit of the current resource model.

In the 2017 resource estimate update for the Tartan Lake Gold Mine Project, based on a 3.0 grams per tonne ("g/t Au") cut-off grade, mineral resources in the Indicated category were 1.18 million tonnes grading 6.32 g/t Au for 240,000 ounces of gold. This represented a 90% increase in tonnes, 24% increase in grade, and 135% increase in ounces compared to the 2012 mineral resource estimate. The increase in tonnes and ounces were due to the successful upgrade of mineral resources from the Inferred category. Mineral resources in the Inferred category were 0.24 million tonnes grading 4.89 g/t Au for 38,000 ounces. This represents a 77% decrease in tonnes, 7% decrease in grade, and 79% decrease in ounces compared to the 2012 Mineral Resource Estimate. A comparison between the 2012 and 2017 Mineral Resource Estimates is summarized in Table 2 that follows hereto.

**Table 2: Comparison of 2012 vs. 2017 Resource Estimate at Tartan Lake (using a 3.0 g/t cut-off)**

	Tonnes	Gold	
		Grade (g/t)	Ounces
<b>Indicated Resources</b>			
2017	1,180,000	6.32	240,000
2012	620,000	5.12	102,000
% Difference	+90%	+23.4%	+135%
<b>Inferred Resources</b>			
2017	240,000	4.89	38,000
2012	1,040,000	5.27	177,000
% Difference	-77%	-7%	-79%

The drilling database utilized in the resource estimation was closed as of December 31, 2016 and comprises 501 diamond-drill holes totaling 79,600 m including drill holes from the 2016 exploration program which consisted of six diamond drill holes totaling approximately 1,600 m (see Satori news release dated December 7, 2016).

For the 2017 resource estimate, a total of 15 sub-parallel, three-dimensional ("3D") wireframe grade control models were constructed. The 3D grade control models were built through visually interpreting the mineralized zones from cross sections using histograms of gold values. Polygons of mineral intersections were made on each cross section and wireframed together to create contiguous resource models in GEOVIA GEMS 6.7.3 software. The Tartan Lake grade control models define east-west trending, steep north dipping (75° – 85°) to steep south dipping gold zones. The gold zones extend for approximately 625 m along strike and to depths of up to 575 m in the Main Zone and 275 m in the South Zone.

The Tartan Lake grade shells were used to constrain 1.0 m composite values chosen for interpolation, and the mineral blocks reported in the estimate of the mineral resource. A block model in Metric Mine Grid space (origin: x – 1775, y – 4725, z – 2025, no rotation) with block dimensions of 5 x 1.5 x 5 m in the x (east), y (north) and z (level) directions was placed over the grade shells with only that proportion of each block inside the shell recorded as part of the resource estimate (% Block Model).

Grades for Au (g/t) were interpolated into blocks by the inverse distance squared (ID2) method. Three passes were used to interpolate grade into all of the blocks in the grade shells. For Pass 1 the search ellipse size was set at 20 x 20 x 6 m in the X, Y, Z direction (approximate range based on variography); for Pass 2 the search ellipse size was set at 40 x 40 x 12 and for Pass 3 the search ellipse size was set at 80 x 80 x 12. Blocks were classified as Indicated if they were populated with grade during Pass 1 and 2 of the interpolation procedure. Pass 3 search ellipse size was set to assure all remaining blocks within the grade shell are assigned a grade. These blocks were classified as Inferred.

Grades were interpolated into blocks using a minimum of 8 and maximum of 12 composites to generate block grades during Pass 1 and Pass 2 (maximum of 4 samples per drill hole), and a minimum of 4 and maximum of 12 composites to generate block grades during pass 3.

High grade composites were capped at 55 g/t Au (99.3 percentile) to limit their influence during the grade estimation, a total of 31 composite samples ranging in grade from 55.8 g/t to 199.5 g/t Au were capped to 55 g/t. Due to the relative sparseness of bulk density data, an average value is used for the resource estimation. A bulk density value of 2.85g/cm<sup>3</sup> is used for the current resource estimate.

### **2016 Exploration Program**

On December 7, 2016, the Company announced that diamond drilling intersected two broad zones of high-grade gold mineralization near existing underground development and historical stopes at Tartan Lake. Highlight assay results included:

- TL16-01 (Main Zone): 10.88 g/t Au over 13.1 m, and 9.99 g/t Au over 11.2 m
- TL16-04 (South Zone): 10.28 g/t Au over 5.1 m
- TL16-06 (Main Zone): 3.56 g/t Au over 8.2 m

Management feels that these drill results demonstrated both the high-grade nature of the deposit as well as the exploration potential of Tartan Lake. The two zones intersected in hole TL16-01 appear wider than the original stopes mined between 1987-1989 and are located approximately 20 m below existing underground development. Management feels that having high-grade intercepts and widths within close proximity to existing underground infrastructure is a key strategic advantage for Satori.

The 2016 exploration program at Tartan Lake commenced in late October and consisted of six diamond drill holes totaling 1,600 m. The limited program was designed to verify the historic drill results, and test the extension of known gold mineralization. Two of the holes intersected underground workings and were stopped short of the targeted zones.

### **2017 Exploration Program**

Exploration programs were conducted to in-fill and expand the existing Tartan Lake Mine resource, as well as evaluate and test a number of gold showings and targets identified on the property. The Main and South Zones remain open along strike and down-dip beyond the limit of the current resource model at 575 m and 275 m below surface, respectively.

Commencing on June 12, 2017, the Company undertook a limited drill program focusing on the South Zone. This drill program was designed to step-out from known mineralization and expand the high-grade gold resources in the Main & South Zones as well as increase our understanding of the structural and lithological controls on mineralization. In addition to drilling, this program included a regional compilation of the property to identify exploration potential throughout the 2,670 hectare property.

Upon completion of the program, a total of 2,045 m was drilled in six diamond drill holes. The results of the program both confirmed and provided a basis for further exploration of the South Zone portion of the resource model, developed in November of 2016, which is found in the NI 43-101 compliant resource estimate in the "Tartan Lake Project Technical Report" authored by Mining Plus. This most recent drilling intersected gold mineralization both along strike and down dip beyond the existing resource limits. These drilling results at Tartan increase the zone of mineralization and provide the basis for a more focused drill program on the South Zone.

Drilling in the South Zone returned grades of up to 3.03 g/t Au over 4.45 m in hole TL17-11, and 3.88 g/t Au over 1.0 m in hole TL17-08. Other significant results included 2.16 g/t Au over 9.00 m including 3.47 g/t Au over 2.60 m in hole TL17-07 and 2.79 g/t Au over 2.0 m. Drill hole TL17-08 returned an intercept of 2.85 g/t Au over 2.0 m and also returned two intercepts of 11.03 g/t Au over 1.0 m and 6.18 g/t Au over 1.0 m within a zone of 2.55 g/t Au over 8.00 m. Hole TL17-12 had no significant results (labelled improperly as hole "TL11-12" in the Company's news release of October 13, 2017).

### 2018 Metallurgical Study

During the fiscal year ended December 31, 2018, the Company completed an independent metallurgical study, in order to better understand the inconsistency of recovery rates documented from production at the Tartan Lake Gold Mine Project in the late 1980's. The report evidenced favourable recovery rates from a significant bulk sample, which concluded that the Main Zone had an overall Au recovery ranging between 95 and 97%; while the South Zone returned Au recovery values ranging between 91 and 92%. Management's analysis of this study is that the historical recoveries would most likely have been related to either mill design, or mill operation. Based on this metallurgical testwork, Satori may take the necessary steps toward a new optimized mill design for the Tartan Lake Gold Mine project.

## RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

### Overview

For the three and nine months ended September 30, 2020, Satori reported a net loss of \$158,044 and \$350,971, respectively (three and nine months ended September 30, 2019 - \$61,092 and \$267,871, respectively).

### Revenues

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

### Non-Exploration Expense Summary

A summary of the activity for the three and nine months ended September 30, 2020 and 2019 is as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
<b>Expenses:</b>				
General and administrative	\$ 32,505	\$ 18,787	\$ 54,419	\$ 69,571
Management fees	51,000	21,000	93,000	63,000
Directors fees	22,974	---	54,974	---
Professional fees	4,890	9,151	23,655	23,827
Consulting fees	6,638	---	18,638	174
Accretion	5,375	12,154	16,123	36,464
Stock-based compensation	49,570	---	105,070	74,835
<b>Total expenses</b>	<b>\$ 172,952</b>	<b>\$ 61,092</b>	<b>\$ 365,879</b>	<b>\$ 267,871</b>

During much of the last two years, management curtailed the Company's business activity due to the poor business environment for junior exploration companies and the difficulty in raising needed capital. General and administrative expenses increased during the three and nine months ended September 30, 2020, compared to the three and nine months ended September 30, 2019, due mostly to increases in management fees as well as the introduction of director fees in the fourth quarter of 2019.

During 2020, the business climate changed for the better and management took advantage of this

opportunity by raising needed capital and working to generate interest in the company's activities with investors as well as reengaging work efforts at Tartan Lake. Consulting fees for the three and nine months ended September 30, 2020 were \$6,638 and \$18,638, respectively, compared to \$NIL and \$174, respectively, for the three and nine months ended September 30, 2019. Investor relations costs for the three and nine months ended September 30, 2020 were \$10,318 and \$12,847, respectively, compared to \$1,744 and \$2,229, respectively, for the three and nine months ended September 30, 2019. This is commensurate with the renewal of interest in the junior exploration industry by investors. Travel costs during 2020 were minimal, primarily as a result of COVID-19.

Stock-based compensation is non-cash in nature and is generally a function of number of options granted and their vesting terms.

#### Exploration Activities and Expenditures

A summary of exploration activity for the nine months ended September 30, 2020 compared to the year ended December 31, 2019 is as follows:

	<b>Nine months Ended September 30, 2020</b>	<b>Year Ended December 31, 2019</b>
<b>Tartan Lake Property</b>		
Opening balance	\$ 2,165,660	\$ 1,926,796
Exploration	88,565	33,616
Change in site restoration provision	---	205,248
	<b>\$ 2,254,225</b>	<b>\$ 2,165,660</b>
<b>New Delhi Property</b>		
Opening balance	\$ ---	\$ ---
Acquisition	5,000	---
	<b>\$ 5,000</b>	<b>\$ ---</b>
<b>Total Capitalized Costs, end of period</b>	<b>\$ 2,259,225</b>	<b>\$ 2,165,660</b>

#### **LIQUIDITY AND CAPITAL RESOURCES**

As at September 30, 2020, the Company had \$740,102 in cash (December 31, 2019 - \$519,590) and working capital of \$708,184 (December 31, 2019 – \$509,775).

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.

The Company's site restoration provision of \$1,080,310 (December 31, 2019 - \$1,064,186) 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.

The Company'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. Additionally, a change in site restoration provision of \$205,248 was recognized in 2019. During the three and nine months ended September 30, 2020, accretion expense of \$5,374 and \$16,122, respectively was recorded (three and nine months ended September 30, 2019 - \$12,155 and \$36,464, 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 2020</b>	<b>Jun. 30 2020</b>	<b>Mar. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Sep. 30 2019</b>	<b>Jun. 30 2019</b>	<b>Mar. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Loss</b>	158,044	131,976	60,951	145,612	61,092	66,170	140,609	219,082
<b>Loss per Share</b>	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)

The Company's level of activity and expenditures during a specific quarters 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 management 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.

Except as noted above, expenditures in 2020 were generally consistent compared to expenditures in the 2019. Although during the fiscal year ended December 31, 2019 the Company curtailed operations to some degree in order to assess matters and determine how best move business forward, activities increased significantly during the first nine months of 2020, both in relation to corporate transactional considerations and operational evaluations/planning.

**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, 2020, the Company had 52,279,968 common shares outstanding.

On July 14, 2020, Satori announced that it closed a private placement offering for gross proceeds of \$420,000, by the issuance of 1,790,000 flow through shares at a price per share of \$0.08, and the issuance of 4,258,461 non-flow-through common shares at a price of \$0.065 per share. In the second quarter of

2020, \$50,000 was received from investors as part of this financing and this amount was shown as shares to be issued, as at June 30, 2020, and became part of share capital once the financing closed. Officers and directors of the Company subscribed for 1,158,461 common shares, for gross proceeds of \$82,800 (19.71%). In connection with this closing, the Company paid a cash finders' fee of \$3,150 to eligible finders.

During the quarter ended September 31, 2020, a total of 2,200,000 warrants were exercised, having an average exercise price of \$0.06 per share. On September 30, 2020, 400,000 stock options with an exercise price of \$0.05 per share were exercised.

#### Incentive Stock Options

On June 9, 2020, the Company granted 1,000,000 stock options to directors, officers and consultants. The stock options carry an exercise price of \$0.075, and vested immediately. The value ascribed to this issue was \$55,500 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.075; risk free rate of return – 0.45%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$55,500 during the quarter ended June 30, 2020 in relation to the vesting of these options.

On July 15, 2020, the Company granted 800,000 stock options to directors and consultants. The stock options carry an exercise price of \$0.08 and vested immediately. The value ascribed to this issue was \$40,400 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.07; risk free rate of return – 0.35%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$40,400 during the quarter ended September 30, 2020 in relation to the vesting of these options.

On August 24, 2020, the Company granted 100,000 stock options to a directors, officers and consultants. The stock options carry an exercise price of \$0.13 and vested immediately. The value ascribed to this issue was \$9,170 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.0125; risk free rate of return – 0.38%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$9,170 during the quarter ended September 30, 2020 in relation to the vesting of these options.

On September 30, 2020, 400,000 stock options with an exercise price of \$0.05 per share were exercised. On October 12, 2020, 50,000 stock options with an exercise price of \$0.075 per share were exercised.

#### Share Purchase Warrants

As of September 30, 2020, the Company had 16,405,000 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	2,005,000	29,571	0.065	June 16, 2021
Investors	11,800,000	256,954	0.06	November 22, 2021
Investors	2,600,000	56,617	0.06	December 21, 2021
<b>Balance, September 30, 2020</b>	<b>16,405,000</b>	<b>\$ 343,143</b>		

During the quarter ended September 30, 2020, the Company received proceeds of \$124,500 resulting from the exercise of 2,200,000 warrants. On August 10, 2020, 700,000 warrants expired unexercised.

#### **OFF BALANCE SHEET ARRANGEMENTS**

There were no off-balance sheet arrangements as at September 30, 2020.

### CONTRIBUTED SURPLUS

Contributed surplus includes Satori's actual share-based payments and part of warrants reserve in the event of expiry of warrants. The following is a summary of changes in contributed surplus from December 31, 2019 to September 30, 2020:

	September 30, 2020	December 31, 2019
<b>Opening balance</b>	<b>\$ 5,834,496</b>	\$ 5,318,159
Expiry of warrants	31,500	441,503
Book value of options exercised	(14,967)	---
Vesting of share-based payments	105,070	74,834
<b>Ending balance</b>	<b>\$ 5,956,099</b>	\$ 5,834,496

### RELATED PARTY TRANSACTIONS

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Fees – President and CEO	22,000	6,000	42,000	18,000
Fees – Executive Chairman	22,000	---	30,000	---
Fees - CFO	7,500	7,500	22,500	22,500
Other directors' fees	14,974	---	30,974	---
Stock-based compensation	49,570	---	105,070	74,835

During the three and nine months ended September 30, 2020, the Company paid its President and CEO a total of \$18,000 and \$30,000, respectively for her role as an Executive Officer and \$4,000 and \$12,000, respectively for her role on the Board (September 2019 - \$6,000 and \$18,000, respectively, for her role as an executive officer). During the three and nine months ended September 30, 2020, the Company paid its Executive Chairman 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 (September 2019 - \$NIL). 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 2019 - \$7,500 and \$22,500, respectively).

As of September 30, 2020, \$36,306 (December 31, 2019 - \$3,727) was owed to management and directors. These amounts owing as at were included in accounts payable and accrued liabilities on the statements 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, 2019.

### 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, 2019. 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, 2019, 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 nine months ended September 30, 2020 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, exploration, 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 increase in the price of gold over the nine months ended September 30, 2020, and should such prices be sustained at current levels or increase, 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 and the Company's share structure.

## **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 but 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, 2020, Satori has a working capital of \$708,184. 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 over the nine months ended September 30, 2020, 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.

Lastly, 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. This has 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 balance 2020. 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.

### **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 three and nine months ended September 30, 2020 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 three and nine months ended September 30, 2020 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.