



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020**

The following Management Discussion and Analysis (“MD&A”), prepared by the management of Troubadour Resources Inc. (the “Company”, “Troubadour”) as at September 30, 2020, should be read in conjunction with the Company’s interim condensed financial statements for the period ended September 30, 2020 and its annual audited financial statements for the year ended December 31, 2019 and related notes attached thereto which are prepared in accordance with International Financial Reporting Standards. Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information under applicable securities legislation. These forward-looking statements are not guaranteeing of future performance and involve risk and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements unless so required by applicable laws. The information in this MD&A is current as of November 24, 2020.

These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following:

1. capital expenditure programs;
2. development of resources;
3. expectations regarding the Company's ability to raise capital;
4. expenditures to be made by the Company to meet certain work and flow-through commitments; and
5. work plans to be completed by the Company.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

1. the British Columbian legislative and regulatory environment;
2. the impact of increasing competition;
3. unpredictable changes to the market prices for minerals;
4. anticipated results of exploration activities; and
5. the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

1. volatility in the market prices for minerals;
2. uncertainties associated with estimating resources;
3. geological, technical, drilling and processing problems;
4. incorrect assessments of the value of acquisitions;
5. unanticipated results of exploration activities; and
6. unpredictable weather conditions.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Note that additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## 1. Nature of Operations and Overall Performance

### Description of Business

Troubadour Resources Inc. is an exploration company incorporated in Canada under the British Columbia Corporations Act on March 22, 2012. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "TR". The Company is principally engaged in acquisition and exploration of resource properties. The head office, records office, and principal address of the Company is 488-625 Howe Street, Vancouver, British Columbia, V6C 2T6. The Company changed its name to Troubadour Resources Inc. (formerly Grandore Resources Inc.), on February 16, 2017.

The Company is engaged in the acquisition and exploration of its mineral property located in British Columbia, Canada. The Company currently owns a 100% interest in the Amarillo Property located approximately 30 kilometers west of the town of Peachland and or 71 kilometers northeast of the town of Princeton in the area of southwestern British Columbia, Canada.

### Performance Summary

During the nine-month period ended and subsequent to September 30, 2020, the Company:

- staked an additional 751 hectares of prospective ground that is contiguous to the southern boundary of the Amarillo claims, increasing the size of the property to 5,449 hectares.
- granted 1,100,000 stock options to various officers, directors, and consultants exercisable at a price of \$0.05 for a period of five years from February 25, 2020.
- entered into an option agreement with 1218802 B.C. Ltd. (the "Vendor") to acquire a 100% interest in the 2,186-hectare Texas property, located in the Greenwood Mining District in Southern British Columbia. The Company can acquire a 100% interest by paying the Vendor a total of \$85,000 and issuing three million shares over a two-year period. Upon vesting the Vendor will retain a 1.5% NSR of which Troubadour can purchase 1% for \$1,000,000 any time prior to commencement of commercial production.

### COVID-19

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

### Amarillo Property

On October 27, 2016, the Company entered into a property option agreement with Jordan Lewis (the "Optionor") whereby the Optionor granted an option to purchase 100% interest in the Amarillo Property to the Company. In order for the Company to exercise its option, it will be required to:

- (a) pay the Optionor an aggregate of \$10,000 (paid); and
- (b) issue an aggregate of 500,000 common shares of the Company, to be delivered within 10 days upon commencement of trading on the TSX Venture Exchange (issued).

The Optionor will also retain a 1.5% net smelter return royalty (the “Royalty”). The Company may purchase 1% of the Royalty by paying the Optionor a total of \$1,000,000.

The Amarillo Project consists of nine (9) mineral tenures totaling 5,449 hectares and is situated within the heart of a major mining district located in the Similkameen and Osoyoos Mining Divisions in British Columbia. The Amarillo Project exhibits anomalous enrichment in copper, molybdenum and gold with skarn style mineralization highly anomalous in tungsten also present.

Troubadour's exploration team has to date collected 848 soil samples, conducted property scale geological mapping and prospecting, 39.5km of ground magnetometer survey, 38.9km of induced polarization survey, and completed 2,416 meters of drilling. Drill hole AMAR19-008 is of particular interest and encountered extensive lengths of highly anomalous copper, zinc, molybdenum, silver and gold in the three holes targeting the Trench anomaly area. Drill testing to date is limited and this targeted area of the property remains highly prospective with the results directing future drilling towards the more pronounced mineral vectors.

The work conducted was focused around what the Company’s geologists now believe to be the location of an historic trench dating from 1966 which is a government reported minfile occurrence grading 0.87% copper over 125m<sup>(1)</sup>. Over the intervening period from the 1960's, the area received limited exploration such that the trench was subsequently mislocated. The opportunity was lost until recent when the Company rediscovered the trench, acquired the surrounding ground and is now intent on unlocking its potential.

(1) *Trench Data Source: Philip, R.H.D. 1967; EMPR Assessment Report 01141 and Sutherland, Ian G. 1978; EMPR Assessment Report 07790. Historical information is presented for historical reference only and cannot be relied upon as the Company's QP, as defined under NI 43-101, has not prepared nor verified the historical information.*

Below is a summary of the Company’s exploration expenditures as at September 30, 2020 and December 31, 2019:

|                                  | September 30,<br>2020 | December 31,<br>2019 |
|----------------------------------|-----------------------|----------------------|
| <i>Acquisition Costs</i>         |                       |                      |
| Opening Balance                  | \$ 66,202             | \$ 66,202            |
| Additions                        | -                     | -                    |
| Closing Balance                  | 66,202                | 66,202               |
| <i>Exploration Costs</i>         |                       |                      |
| Opening Balance                  | 1,055,866             | 728,287              |
| Administrative Expenditures      | 211                   | 2,860                |
| Assays                           | -                     | 27,961               |
| Drilling                         | -                     | 262,349              |
| Field Expenditures               | 1,175                 | 8,262                |
| Field Personnel                  | 600                   | 9,338                |
| Geological Consulting            | 7,463                 | 15,638               |
| Mobilization                     | 523                   | 171                  |
| Staking                          | 1,315                 | 1,000                |
| BC Mining Exploration Tax Credit | (218,170)             | -                    |
| Closing Balance                  | 848,983               | 1,055,866            |
| <b>Total</b>                     | <b>\$ 915,185</b>     | <b>\$ 1,122,068</b>  |

## 2. Results of Operations

During the nine-month period ended September 30, 2020, the Company incurred a loss of \$214,443 (2019 – \$427,119). Significant expenditures during the year were as follows:

- **Consulting fees** – decreased to \$90,000 (2019 – \$112,104) as the Company reduced its use of third-party consultants in its efforts to manage capital.
- **Filing and transfer agent fees** – increase to \$19,498 (2019 – \$18,993) and are considered comparable period over period.
- **Investor relations fees** – decreased to \$2,113 (2019 – \$206,058) as the Company incurred expenditures relating to the promotion and management of the Company's shares and commenced a large investors relations campaign during the prior year, but has not initiated a similar campaign during the current period.
- **Professional fees** – decreased to \$41,910 (2019 – \$65,302) as the prior period included higher audit fees and increased legal bills.

## 3. Summary of Quarterly Results

|                                  | September 30,<br>2020 | June 30,<br>2020 | March 31,<br>2020 | December 31,<br>2019 |
|----------------------------------|-----------------------|------------------|-------------------|----------------------|
| Total Assets                     | \$ 1,153,207          | \$ 1,159,685     | \$ 1,169,353      | \$ 1,221,426         |
| Shareholders' equity             | 968,825               | 1,026,865        | 1,079,373         | 1,151,850            |
| Comprehensive Loss               | (58,040)              | (52,508)         | (103,895)         | (67,016)             |
| Basic and diluted loss per share | (0.00)                | (0.00)           | (0.00)            | (0.00)               |
|                                  | September 30,<br>2019 | June 30,<br>2019 | March 31,<br>2019 | December 31,<br>2018 |
| Total Assets                     | \$ 1,070,597          | \$ 1,135,603     | \$ 1,327,898      | \$ 1,559,568         |
| Shareholders' equity             | 1,031,366             | 1,072,592        | 1,282,117         | 1,388,485            |
| Comprehensive Loss               | (111,226)             | (209,525)        | (106,368)         | (134,246)            |
| Basic and diluted loss per share | (0.01)                | (0.01)           | (0.00)            | (0.01)               |

During the three-month period ended September 30, 2020, the Company incurred a loss of \$58,040 (2019 – \$111,226). Significant expenditures during the year were as follows:

- **Consulting fees** – were \$30,000 (2019 – \$60,000) and related to compensation of the Company's CEO and President.
- **Filing and transfer agent fees** – increased to \$5,582 (2019 – \$1,778) and related to the timing of the Company's annual dues.
- **Investor relations fees** – decreased to \$1,003 (2019 – \$31,040) as the Company incurred expenditures relating to the promotion and management of the Company's shares and commenced a large investors relations campaign during the prior year, but has not initiated a similar campaign during the current period.
- **Professional fees** – increased to \$9,308 (2019 – \$7,948) and are considered comparable period over period.

#### 4. Liquidity

The Company's historical capital needs have been met by issuance of shares. As at September 30, 2020, the Company's working capital was \$46,140 (December 31, 2019 – \$22,282). The Company proposes to meet any additional financing requirements through equity financing. The Company's cash position as at September 30, 2020 was \$9,746 (December 31, 2019 - \$70,268). The decrease in cash is primarily related to operating and mineral property expenditures.

Cash requirements will depend primarily on the extent of future exploration programs. Subsequent phases will depend both on cost and duration, and on results from previous phases, and it is therefore extremely difficult to predict future cash requirements.

*Operating activities:* The Company does not generate cash from operating activities. Net cash used in the Company for operating activities, for the nine-month period ended September 30, 2020 was \$38,542 compared to \$289,987 used for the comparative nine-month period ended September 30, 2019.

*Investing activities:* The Company spent a total of \$21,980 (2019 - \$ 193,385) on investing activities during the nine-month period ended September 30, 2020, comprised of mineral property expenditures.

*Financing activities:* The Company did not generate or use any cash in financing activities for the periods ended September 30, 2020 (2019 - \$70,000 generated from subscriptions received in advance).

The condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

#### 5. Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of authorized Common Shares, of which 26,612,835 Common Shares were issued and outstanding as at November 24, 2020.

As at November 24, 2020, share purchase warrants were outstanding as follows:

| Number    | Exercise price<br>(\$) | Expiry date      |
|-----------|------------------------|------------------|
| 5,150,000 | 0.10                   | November 1, 2021 |
| 5,150,000 |                        |                  |

As at November 24, 2020, stock options were outstanding as follows:

| Number    | Exercise price<br>(\$) | Expiry date        |
|-----------|------------------------|--------------------|
| 1,450,000 | 0.15                   | September 11, 2023 |
| 1,100,000 | 0.05                   | February 27, 2025  |
| 2,550,000 |                        |                    |

## 6. Capital Resources

The Company has no commitments for capital expenditures at the date of this report.

The Company will continue to seek capital. In the past the Company has raised capital public markets by issuing common shares pursuant to private placements, through the issuance of convertible debentures and through loans payable. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## 7. Related Party Transactions

During the nine-month period ended September 30, 2020, the Company paid or accrued \$11,287 (2019 - \$36,925) included in mineral property expenditures and \$13,500 (2019 - \$7,500) included in rent expense to a company related to two officers of the Company.

Included in accounts payable and accrued liabilities at September 30, 2020 was \$173,091 (December 31, 2019 - \$66,142) payable to companies controlled by officers of the Company.

During the period ended September 30, 2020, the Company paid or accrued, to key management personnel and their related companies:

|                         | Professional<br>fees | Consulting<br>fees | Share-based<br>payments | Total      |
|-------------------------|----------------------|--------------------|-------------------------|------------|
| Chief Executive Officer | \$ -                 | \$ 22,500          | \$ 5,712                | \$ 28,212  |
| President               | -                    | 67,500             | 6,426                   | 73,926     |
| Chief Financial Officer | 22,500               | -                  | 2,856                   | 25,356     |
| Non-executive Directors | -                    | -                  | 5,712                   | 5,712      |
| Total                   | \$ 22,500            | \$ 90,000          | \$ 20,706               | \$ 133,206 |

During the period ended September 30, 2019, the Company paid or accrued, to key management personnel and their related companies:

|                         | Professional<br>fees | Consulting<br>fees | Share-based<br>payments | Total      |
|-------------------------|----------------------|--------------------|-------------------------|------------|
| Chief Executive Officer | \$ -                 | \$ 22,500          | \$ -                    | \$ 22,500  |
| President               | -                    | 67,500             | -                       | 67,500     |
| Chief Financial Officer | 22,500               | -                  | -                       | 22,500     |
| Total                   | \$ 22,500            | \$ 90,000          | \$ -                    | \$ 112,500 |

## 8. Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

## 9. Subsequent events

Subsequent to the period ended September 30, 2020, the Company entered into an option agreement with 1218802 B.C. Ltd. (the "Vendor") to acquire a 100% interest in the 2,186-hectare Texas property, located in the Greenwood Mining District in Southern British Columbia. The Company can acquire a 100% interest by paying the Vendor a total of \$85,000 and issuing three million shares over a two-year period. Upon vesting the Vendor will retain a 1.5% NSR of which Troubadour can purchase 1% for \$1,000,000 any time prior to commencement of commercial production.

## 10. Proposed Transactions

The Company has no specific proposed transactions. However, consistent with the nature of the Company's operations, the Company is continuously reviewing potential mineral property acquisitions and is likely to acquire additional mineral properties in the future.

## 11. Critical Accounting Estimates and Judgments

The recognition of exploration and evaluation assets requires judgments regarding future recoverability and carrying cost. The cost model is utilized, and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

The determination of income tax is inherently complex and requires making certain judgments about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

## 12. Changes in Accounting Policies Including Initial Adoption

There were no changes in accounting policies for the period ended September 30, 2020.

## 13. Risk Factors

In conducting its business, the Company, like all development-stage mineral exploration companies, faces a variety of risk uncertainties. While unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

Exploration and Development - Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title Risks - Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties.

Permitting Risks - The development of mineral resources in British Columbia is subject to a comprehensive review, approval and permitting process involving various provincial and regional agencies, in addition to the various First Nations groups that have jurisdiction in the Company's area of claims. There can be no assurance given for the required approvals and permits for a mining project, even if technically and economically warranted, can be obtained in a timely or cost-effective manner.

Fluctuating Metal Prices - Factors beyond the control of the Company have a direct effect on global metal prices, which have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects and the Company's ability to finance the development of its projects cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

Environmental Regulations, Permits and Licenses - Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

Competition - The mineral exploration industry is intensely competitive in all its phases, and the Company competes with some companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Future Financings - The Company's continued operation will be dependent in part upon its ability procure additional financing. To date, the Company has done so through a combination of: (i) equity financing; and (ii) cash payments received as property option payments from third parties. The current state of global equity markets has had a direct effect on the ability of exploration companies, including the Company, to finance project acquisition and development through the equity markets. There can be no assurance that forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Price Volatility of Publicly Traded Securities - During recent months, global securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

#### **14. Approvals**

The Board of Directors of Troubadour Resources Inc. has approved the disclosures contained in the Management Discussion and Analysis for the nine-month period ended September 30, 2020, prepared as at November 24, 2020.

#### **15. Information regarding forward looking statements**

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of gold and other metals, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, Government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions,

events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.