GRID METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the September 30, 2020 interim unaudited condensed consolidated financial statements of Grid Metals Corp. ("Grid" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars, unless otherwise noted.

1. DATE

The date of this MD&A is November 19, 2020.

2. OVERALL PERFORMANCE

Grid Metals Corp. is focused on mineral exploration and development of mineral properties in Manitoba and Ontario. Key properties are 1) the Makwa-Mayville Nickel Copper PGM Cobalt Project in Manitoba where a NI-43101 Preliminary Economic Assessment was completed in April 2014 2) the East Bull Lake Palladium Property in Ontario which is at the exploration stage and the Bannockburn Nickel Project near Matchewan south of Timmins Ontario. Currently the primary focus of the Company is exploration at East Bull targeting palladium dominant mineralization. The Company intends to recommence activities at its Bannockburn and Makwa Mayville properties as market conditions for nickel projects improve.

2020 – Activities

East Bull Lake Palladium Property

The East Bull Lake ("EBL") Palladium Property covers 80% of the ~22km x ~4 km layered EBL intrusion that hosts widespread disseminated palladium dominant mineralization. Previous drilling at EBL for palladium was focused along the south margin of the intrusion for near surface "contact style' mineralization. This drilling returned highly anomalous but sub-economic grades of mineralization. The Company has modified the exploration approach to include:

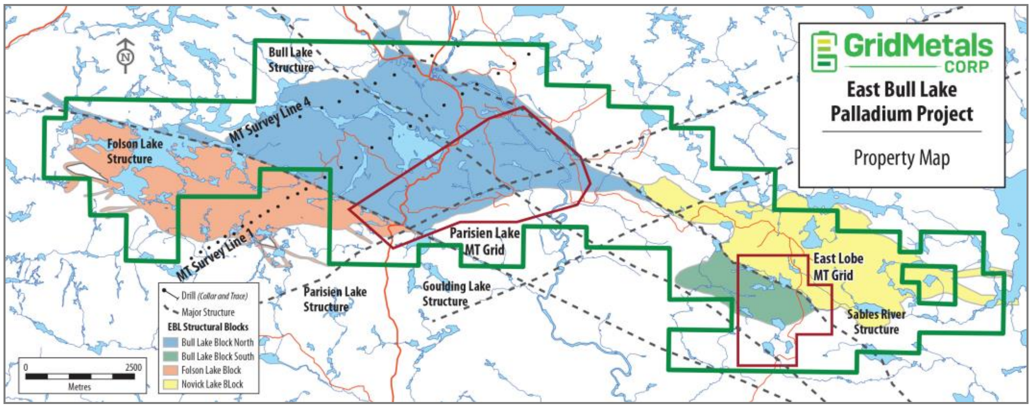
1) A new geological model for mineral deposition at EBL to include mineralization associated with feeder structures and major structural zones.
2) Utilization of a magnetotelluric ("MT") survey to detect areas of disseminated palladium mineralization to depths exceeding 1 km.

During 2020 an MT survey was completed over selected areas of the EBL Intrusion including areas at the confluence of some of the major structures that transect the property.

The general exploration targets at EBL include:

- near surface palladium mineralization having the potential to host a large mineral resource (i.e., >50 million tonnes) with an average palladium grade amenable to open pit mining methods; and,
- higher-grade, vertically extensive, and structurally-controlled palladium mineralization having average in situ grades that are potentially extractable using underground mining methods.

Below: The Parisien Lake and East Lobe grids (below red) were the areas that were surveyed and are shown below. Two scout lines of MT 1 and 4 were also completed.

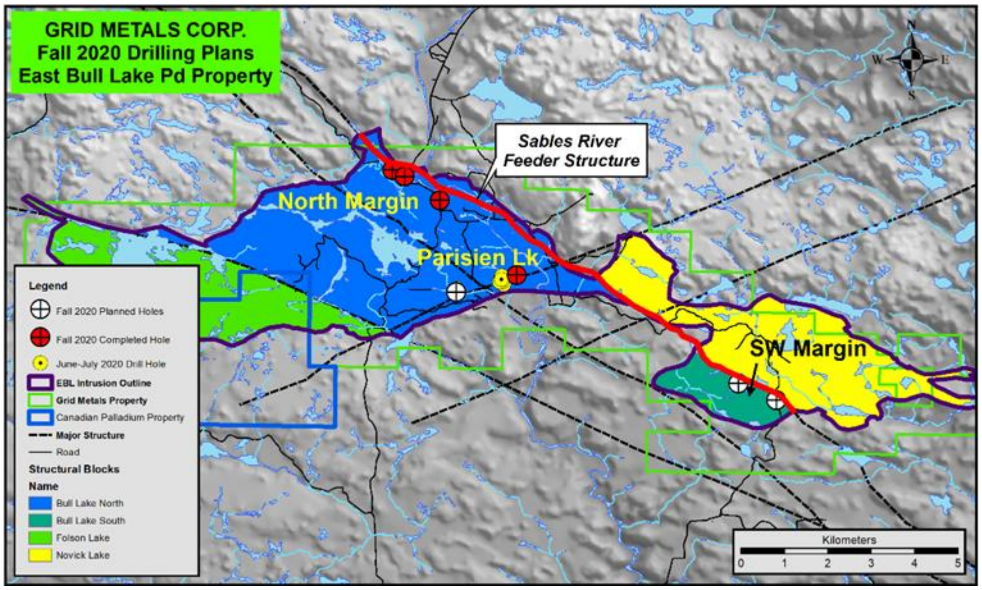


With the completion of the MT Survey and analysis of results the Company concluded that a clear pattern is emerging wherein samples with anomalous palladium grades in the EBL intrusion are associated with major structures and, locally, resistivity lows. These major structures may have acted as the primary magma feeder conduits for the EBL intrusion and, if so, may represent areas of enhanced potential for the accumulation of palladium-rich sulfides. Three northwest-striking major structures appear to divide the intrusion into separate structural blocks, all of which host laterally extensive, near surface palladium mineralization. Based on existing data, the best mineralized structural trend is associated with a 12 km long segment of the Sables River structure. More recently the Company has determined that most of the known palladium mineralization on the property is associated with areas having a low total field magnetic response – providing another means of prioritizing areas for exploration drilling.

At quarter end the Company had completed eleven drill holes in two of the three target areas highlighted in the map that follows. Eight holes were drilled in the Parisien Lake area (assays received) and three holes were drilled in the North Margin area (assays pending). A four-week prospecting and mapping program was completed in August and September 2020. Assay results for the Parisien Lake drilling and the summer surface sampling program are reviewed in several Company press releases on www.sedar.com dated August 6, September 9, October 7 and 21, 2020. Highly anomalous palladium concentrations were obtained from all of the first eight holes completed this year and from ~10% of the >100 surface samples collected this summer. Anomalous palladium grades are consistently associated with very low percentages of sulfide minerals and are especially correlated with the presence of chalcopyrite.

Subsequent to quarter end the Company completed a second program of surface grab sampling and geological mapping that was focused in the Parisien Lake area (results not yet reported). An additional ~800 metres of exploration drilling is expected to be completed in the fourth quarter (Parisien Lake area).

Drilling and surface prospecting results received to date from the 2020 exploration program reinforce the Company's belief that the widespread palladium mineralization it continues to discover on the Property will lead the Company to areas of enhanced grade and thickness. The fact that Pd grades exceeding 1 g/t have been identified from surface and drill core samples extending over a strike length of >20 km provides the technical justification for continued exploration investment on the property. The Company also continues to discover Pd mineralization on previously unsampled outcrops using basic prospecting methods especially in areas with improved access due to recent logging activity – which further supports the case for continued exploration on the Property. The Company firmly believes that significant potential remains for the discovery of one or more feeder structure-related palladium deposits on the property.



Assay results are reviewed in Company press releases on www.sedar.com dated August 6, September 9, October 7 and 21, 2020; the field and sampling programs are discussed in the October 7 and 21, 2020 press releases.

Makwa/Mayville Project

Q3 Activities
No significant work activities were undertaken at the Makwa/Mayville Property during the third quarter of 2020. Since completion of the Preliminary Economic Assessment in April 2014 (RPA Associates) work has focused mostly on improving and confirming metallurgical recoveries. Significantly improved nickel recoveries over the levels achieved in the PEA were obtained on a test program of Mayville samples. The most recent activity was in Q1 when the Company commenced a mineralogical study on lower grade nickel samples from outside the current Makwa resource in order to look at the potential for nickel recovery. The Company intends to commence additional activities at the Makwa Mayville Project as market conditions warrant.

The current resource at the project is as follows and was used in the 2014 PEA.

MINERAL RESOURCE SUMMARY AS OF NOVEMBER 27, 2013
Mustang Minerals Corp. – Makwa-Mayville Project

Class and Deposit	Tonnes (Mt)	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Co (%)
Indicated							
Makwa	7.2	0.61	0.13	0.10	0.36	N/A	0.01
Mayville	26.6	0.18	0.44	0.05	0.14	0.05	N/A
Total Indicated	**33.8**	**0.27**	**0.37**	**0.06**	**0.19**	N/A	N/A
Inferred							
Makwa	0.7	0.27	0.08	0.05	0.14	N/A	0.02
Mayville	5.2	0.19	0.48	0.06	0.15	0.04	N/A
Total Inferred	**5.8**	**0.19**	**0.43**	**0.06**	**0.15**	N/A	N/A

Notes:

1. CIM Definition Standards have been followed for classification of Mineral Resources
2. Mineral Resources are reported at a net smelter return (NSR) cut-off value of C$15/tonne at Mayville and C$20.64/tonne at Makwa
3. At Mayville, NSR values are calculated in C$ using factors of $51 per % Cu and $41 per % Ni. These factors are based on metal prices of US$3.40/lb Cu and US$8.50/lb Ni, estimated recoveries and smelter terms, and a US$/C$ exchange rate of 0.97.
4. The Makwa Mineral Resources are estimated using metal prices of US$3.40/lb Cu and US$8.50/lb Ni, estimated recoveries and smelter terms, and a US$/C$ exchange rate of 0.97. The NSR factors used are: $87.33 per % Ni, $29.65 per % Cu, $38.25 per % Co, $0.14 per g/t Pt and 0.08 per g/t Pd.
5. Totals may not add correctly due to rounding.

Mineral Resource that are not Mineral Reserves do not have demonstrated economic viability.

Financings

During the nine months ended September 30, 2020, the Company raised a total of $2,249,986 in gross proceeds from equity private placements.

The Company must spend at least $970,000 on eligible exploration expenses before December 31, 2021, as a result of flow through shares issued and has done so as at September 30, 2020.

3. SELECTED ANNUAL INFORMATION

Selected audited annual information for the three most recently completed years, all reported under IFRS, are as follows:

Years ended December 31,	2019 $	2018 $	2017 $
Net loss before provision for income taxes	(659,670)	(1,083,527)	(496,516)
Net loss after provision for income taxes	(659,670)	(1,040,527)	(33,516)
Basic and diluted loss per share	(0.02)	(0.02)	(0.00)
Total assets	28,864,272	29,167,517	30,384,979

4. DISCUSSION OF OPERATIONS

Overview

The following table provides selected financial information that should be read in conjunction with the consolidated financial statements of the Company for the nine months ended September 30, 2020 and 2019.

	For the three months ended September 30,		For the nine months ended September 30,	
	2020 $	2019 $	2020 $	2019 $
Operating expenses	(125,796)	(198,383)	(1,182,132)	(586,422)
Net loss	(122,078)	(209,431)	(1,175,625)	(585,099)
Net loss per share	(0.00)	(0.00)	(0.02)	(0.01)
Mining interests	29,099,976	27,650,294	29,099,976	27,650,294
Total assets	30,528,394	28,632,705	30,528,394	28,632,705

Revenues

None of the Company’s properties have advanced to the point where a production decision can be made. As a consequence, the Company has no producing properties and no sales or revenues. From time to time the Company will earn interest from funds on deposit and other income.

The major expense items for the nine months ended September 30, 2020 and 2019 are summarized as follows:

	For the three months ended September 30, $		For the nine months ended September 30, $	
	2020	2019	2020	2019
Office, general and administrative	46,753	38,132	368,925	103,193
Management and directors fees	60,250	63,250	225,750	192,750
Stock based compensation	-	36,000	493,000	36,000
Professional fees	9,378	51,080	104,756	228,363
Public company costs	6,919	9,921	33,818	24,580
Flow through share premium	-	-	(51,600)	-
Other	2,496	-	7,483	1,535
	125,796	198,383	1,182,132	586,422

Exploration and Development Expenditures

	For the three months ended September 30, 2020 $			
	Makwa	Mayville	East Bull Lake	Total
Geological	8,379	450	-	8,829
Drilling program related costs	-	-	658,597	658,597
Total	8,379	450	658,597	667,426

	For the nine months ended September 30, 2020 $			
	Makwa	Mayville	East Bull Lake	Total
Geological	12,940	27,441	-	40,381
Drilling program related costs	-	-	1,102,984	1,102,984
Geophysics	-	-	224,191	224,191
Total	12,940	27,441	1,327,175	1,367,556

Property descriptions

MANITOBA

Makwa Mayville Ni-Cu-PGM Project
A National Instrument 43-101 Preliminary Economic Assessment ("PEA") was completed at the Makwa Mayville Project in 2014 (RPA Associates). The PEA envisaged mining from two open pits with ore shipped to a central concentrator to produce copper and nickel concentrates smelted with associated platinum group metal, gold and cobalt credits, for sale to smelter. The project used US$8.50 lb nickel and US$3.40 lb. copper in its financial model base case. The Company has followed up on several of the recommendations outlined in the PEA completing additional metallurgical testwork on samples from both properties and contracting a surface and downhole EM survey at the Makwa Project to outline new exploration targets. The metallurgical test-work on the Mayville samples indicated the potential for significant improvement in nickel recovery from the 40% recovery level used in the PEA.

Makwa – Property Details
The Makwa property is a nickel copper platinum group metal exploration project located near Lac du Bonnet, in south east Manitoba. During 2004, the Company acquired a 100% interest by acquiring all of the

shares of Global Nickel Inc., a federally incorporated company that holds the mineral rights to the Makwa Property. To acquire the shares the Company paid $500,000 cash and issued 6,679,000 common shares valued at $0.43 per share, representing the quoted share price of the Company at the time of the transaction. The mineral rights of the Makwa Property consist of a mineral lease, a surface lease, and Exploration and evaluation assets claims held by the Company. An annual payment of approximately $10,000 must be made to the province of Manitoba to keep the mineral lease and surface lease in good standing. There is a 1.0% NSR royalty on the Makwa property. The Company has the option to purchase 0.5% of the NSR royalty for $500,000.

Mayville - Property Details

The Mayville property is a copper nickel platinum group metal exploration project located near Lac du Bonnet, in south east Manitoba. The Company acquired a cumulative 89% interest in the property (consisting of Exploration and evaluation assets claims) in 2005. A direct 60% interest was acquired from the vendor for consideration of $90,000 in cash, a note for $165,000 due 18 months from closing (which was paid during 2006), and 700,000 common shares of the Company (issued in 2005).

The additional 29% interest was acquired through the acquisition of a 72.56% interest in Maskwa Nickel Chrome Mines Limited ("MNCM"), a company which holds the remaining 40% interest in the Mayville property. The shares in MNCM were acquired through the issuance of 400,000 common shares of the Company and a cash payment of $120,000. A royalty payment in the amount of $210,000 will be due in five equal annual payments upon the commencement of commercial production on any portion of the MNCM property.

Mayville Lithium

The Mayville lithium property is a lithium and rare metals exploration project located near Lac du Bonnet, in south east Manitoba adjacent to the Mayville property. On June 30, 2010, the Company entered into an option agreement with Tantalum Mining Corporation of Canada Limited ("Tanco") and acquired a 100% interest in the base and precious metal rights of a property. Pursuant to the terms of the option agreement, the Company made cash option payments totaling $45,000, and incurred expenditures of $312,600. The Company acquired rights to lithium and rare metals on the property in 2017 in return for a retained right of Tanco, on normal commercial terms, to purchase products produced from the property. The property is subject to a 2% royalty interest. There are at least four known pegmatites on the property and a historical resource has been outlined by drilling.

ONTARIO

East Bull Lake Palladium

The East Bull Lake property ("EBL") is a platinum group metals ("PGM") exploration project located in the Sudbury Mining Division, Ontario, Canada. The property is comprised of mining claims primarily optioned from third parties. Most of the mining claims are subject to an NSR of up to 3% to the underlying option holders. Prior to 2019 a decision was made to halt exploration on the property and all prior costs were written off. Recent interest in palladium led to the decision to resume exploration on the property in 2019.

On April 27, 2020 the Company entered into an option agreement to acquire the Shib property. The Shib property consists of 8 boundary cell mining claim units covering an area of approximately 50 hectares. Under the terms of the Shib property option agreement the Company made an initial cash payment of $15,000 and issued 100,000 common shares of the Company. In order for the Company to earn a 100% interest in the Shib property it would need to make, at its option, additional cash payments and share issuance on each of the subsequent 3 anniversary dates as follows:

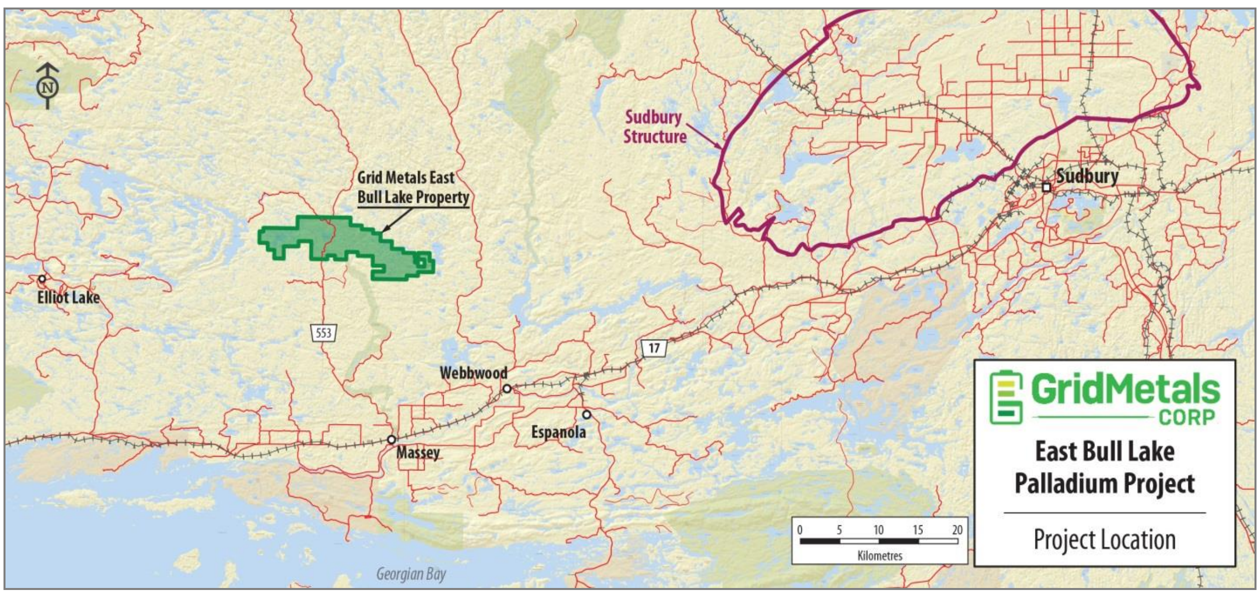
- Year 1 - $20,000 and 50,000 shares,
- Year 2 - $30,000 and 50,000 shares,
- Year 3 - $40,000.

The property is subject to a 2% NSR of which 1% can be purchased for $1,000,000; the Company has a right of first refusal on the remaining 1%.

East Bull Lake

The EBL palladium property covers 80% of the highly prospective EBL intrusion. The intrusion is the type example of a series of palladium-rich mafic complexes that occur in the greater Sudbury region. These bodies formed during a major, global-scale episode of mafic and ultramafic magmatic activity that produced significant palladium, copper-nickel sulfide and chromite deposits in Canada, Scandinavia, Russia and Brazil approximately 2.5 billion years ago. The EBL intrusion shares many geological and geophysical characteristics with the older Lac des Iles (LDI) complex in northwestern Ontario – host to Canada's only primary palladium mine. Importantly, the EBL intrusion was recently confirmed to host the same style of structurally-controlled palladium mineralization that constitutes the majority of past and present palladium resources at LDI, which exceed 200 million tonnes of open pit and underground mineralization with over 10 million ounces of contained palladium. The EBL project is also directly analogous to palladium-rich sulfide deposits that occur in northern Finland including the Arctic Platinum project (APP) with current palladium resources totalling 208.5 Mt averaging 1.47 g/t Pd (9.8 million contained ounces). Despite its palladium pedigree, the EBL intrusion remains chronically under-explored compared to the much smaller LDI complex and to several similar-age intrusions in both Canada and Finland. The Company is now embarking on a new phase of systematic exploration on the property that is focused on the discovery of large, palladium-rich deposits having similar grade-tonnage attributes to the LDI and APP deposits. The new programming is guided by the significant knowledge gained from over 40 years of intermittent exploration at EBL and by recent, critical insights into the controls on the development of large palladium-rich deposits in similar geological environments.

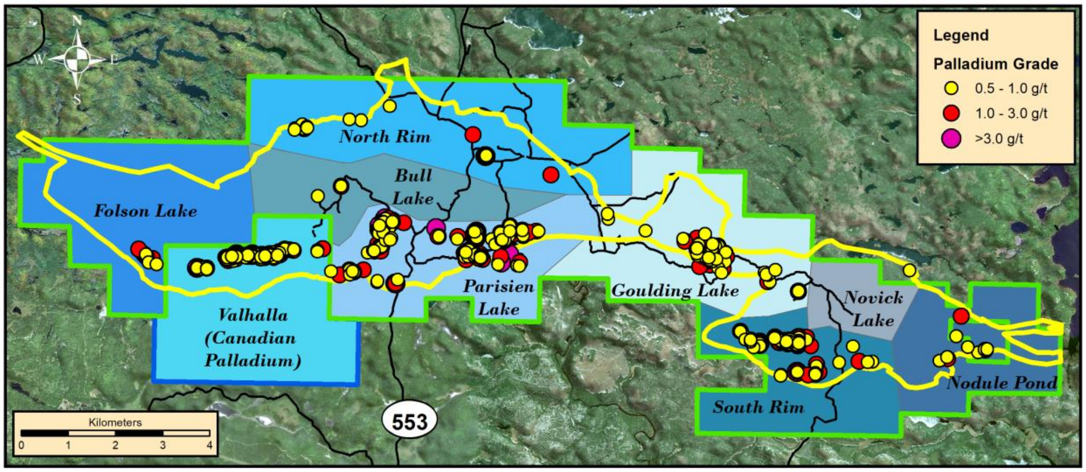
The property is easily accessible from the city of Sudbury, located 80 km to the east, by way of an all-weather Provincial road that connects to the Trans-Canada Highway. Sudbury is a world leading nickel, copper and platinum group metal ("PGM") mining and smelting centre with a highly skilled mining work force and a surface and underground mining heritage that spans ~150 years.



Location of the EBL property in the Sudbury area, northeastern Ontario.

The East Bull Lake intrusion is over 20 km long and comprises two magmatic centres (east and west lobes) connected by a narrow east-west trending 'neck'. The ultimate size of the intrusion is not known but limited deep drilling and 3D geophysical models suggest that the base of the two lobes locally exceed 1 km in depth and may extend much deeper. Critically, the property is cut by a network of criss-crossing northwest-trending and northeast-trending faults, any of which may have acted as feeder structures during emplacement of the EBL intrusion. These faults tend to produce strong, positive magnetic anomalies that reflect their infiltration by mafic dykes formed during the end-stages of magmatism associated with the EBL suite of intrusions. The internal geology of the EBL intrusion is well documented in a series of Ontario Government maps and reports and more recent academic publications. In brief, the intrusion is dominated by mafic rocks including melanocratic to leucocratic gabbronorite, olivine gabbronorite, pyroxenite and anorthosite. The lower part of the stratigraphy of the intrusion is dominated by brecciated anorthosite and leucocratic gabbronorite containing local patches of varitextured gabbronorite. This part of the intrusion represents a dynamic period of magma injection featuring high energy pulses of magma presumably channeled vertically through, and laterally away from, major feeder faults. The lower stratigraphy is the primary host to the many known palladium zones on the property.

The known distribution of palladium mineralization on the EBL property is illustrated on the map, below. Several palladium zones have been discovered over >30 years of intermittent prospecting and exploration. Most of these zones were initially thought to be related to the margins or basal contact of the intrusion. A recent re-assessment of the property data by Grid indicates a strong structural control on most of the known Pd zones on the property including a spatial association with cross-cutting faults representing potential feeders to the intrusion.



Bannockburn

The Bannockburn property is a nickel exploration project located in the Sudbury Mining Division, Ontario, Canada. The property package consists of mining claims obtained under option and staked by the Company. The Company has completed its option commitments to earn a 100% interest in the core claims comprising the Bannockburn property. The core part of the property is subject to a 2% NSR. All costs on the property have been written off in previous years.

5. SUMMARY OF QUARTERLY RESULTS

Selected financial information for the last 8 fiscal quarters:

	2020 Q3	2020 Q2	2020 Q1	2019 Q4
	$	$	$	$
(a) Net loss	(122,078)	(191,445)	(862,102)	(74,571)
(b) Basic and diluted loss per share	(0.00)	(0.00)	(0.02)	(0.00)

	2019 Q3	2019 Q2	2019 Q1	2018 Q4
	$	$	$	$
(a) Net loss	(209,431)	(180,951)	(194,717)	(75,065)
(b) Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)

Comments on quarterly results

2020 – Q3

Results for the quarter were a loss of $122,078 vs $209,431 for the 2019 period. The 2020 period included share based payments of nil (2019 – $36,000); professional and consulting fees of $9,378 (2019 - $51,080) – in 2019 there were on going marketing campaigns.

2020 – Q2

Results for the quarter were a loss of $191,445 vs $180,951 for the 2019 period. There were no unusual differences.

2020 – Q1

Results for the quarter were a loss of $862,102 vs $194,717 for the 2019 period. Significant differences are explained by; office, general and administrative for 2020 amounted to $266,059 (2019 - $38,364) with the increase explained primarily by marketing and promotion carried out during 2020; management and directors fees $105,520 (2019 – 64,750) with bonuses in 2020 explaining the increase; share based payments in 2020 $445,400 (2019 – Nil); flow through share premium $51,600 (2019 – Nil).

2019 – Q4

Results from the quarter were a loss of $74,571 (2018 - $75,065). Significant differences between the 2019 and 2018 periods were; professional and consulting fees amounted to $25,234 (2018 - $97,555); Due diligence costs Nil (2018 - $45,331); shareholder indemnification recovery $99,961 (2018 - $165,899); Deferred income tax recover Nil (2018 - $43,000).

6. LIQUIDITY

The Company has no significant revenues and no expectation of significant revenues in the near term. The cash position of the Company is reduced as exploration and overhead expenses are incurred.

The Company has working capital at September 30, 2020 of $1,098,293 (December 31, 2018 – $971,206).

7. CAPITAL RESOURCES

During the nine months ended September 30, 2020, except for the private placements described herein, there were no unusual factors that affected the Company's capital resources.

8. OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2020 and 2019, the Company did not have any off-balance sheet arrangements.

9. TRANSACTIONS BETWEEN RELATED PARTIES

Director's fees, professional fees and other compensation of directors and key management personnel were as follows for the periods ended September 30:

	2020	2019
	$	$
Short-term compensation and benefits	**371,991**	192,750
Share-based payments (stock option grants)	**396,950**	-
Total key management compensation	**768,941**	192,750

Short-term compensation and benefits charged to exploration and evaluation assets amounted to $146,240 (2019 – Nil).

Amounts due to key management personnel included in accounts payable amounted to $22,694 (2019 – $4,930).

Legal fees were charged by a legal firm during the period ended September 30, 2020, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of $45,108 (2019 - $3,842). Accounts payable and accrued liabilities includes Nil owing to the legal firm (2019 – Nil).

Amounts due to related parties included in accounts payable are unsecured, non-interest bearing and due on demand.

See also Note 8(a).

10. PROPOSED TRANSACTIONS

There are no proposed transactions other than normal ongoing activities.

11. CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Capitalization of mining interest costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Impairment of mining interests and capital assets

While assessing whether any indications of impairment exist for mining interest assets and capital assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, and economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mining interest assets. Internal sources of information include the manner in which mining interest assets and capital assets are being used or are expected to be used and indications of expected economic performance of the assets.

Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining interests, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mining interests and capital assets.

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payments

Management determines the valuation of share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments may include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Commitments and contingencies
Refer to Notes 6 and 9 of the Company's September 30, 2020 interim unaudited condensed consolidated financial statements.

12. FINANCIAL ASSETS, AND OTHER INSTRUMENTS

Financial assets
Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit or Loss ("FVPL") or Fair Value through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of earnings (loss). The Company's marketable securities are classified as financial assets at FVPL.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and lease obligations, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Credit Risk

The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instrument included in amounts receivable is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances. As at September 30, 2020, the Company had current assets of $1,421,032 (December 31, 2019 - $1,157,932) to settle current liabilities of $322,739 (December 31, 2019 - $186,726). All the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk

<u>Foreign Currency Risk</u>

The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

<u>Price Risk</u>

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis

Management's view with respect to interest rate and foreign exchange risks is as follows:

(i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.

(ii) The Company does not have exposure to foreign exchange risk.

Land access and permitting

The Company is required to obtain permits to conduct exploration and evaluation activities on its properties and part of that process requires consultations with First Nations. In management's view there is uncertainty concerning the First Nation's consultation process, and there are risks of permitting delays. The impact of any delays on the Company's operations is unknown.

Operating Risk

All assets of the Company are either at the exploration or development stage. The Company faces a number of risks to the successful exploration and/or development of its properties. These include the availability of capital, technical risk, permitting risk and environmental risk. There is no certainty the Company will be able to fund or complete the required work in order to build a mine or profitably divest any of its assets. The Company is required to engage with First Nations in order to obtain exploration permits and there is ongoing uncertainty with respect to the permitting process.

13. DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

Common Shares

As at September 30, 2020, and the date hereof, there were 63,060,733 common shares of the Company outstanding (December 31, 2019 – 46,276,610).

Warrants

At September 30, 2020 and the date hereof, there were a total of 23,951,943 warrants outstanding (December 31, 2019 – 15,161,285).

Options

At September 30, 2020, and the date hereof, there were a total of 4,655,000 stock options outstanding (December 31, 2019 – 2,035,000).

Directors and officers of the Company

Robin E. Dunbar	President, Chief Executive Officer and Director
Dave Peck	Vice President
Nadim Wakeam	Corporate Secretary
Rodger Roden	Chief Financial Officer
Edward Munden	Director
Thomas Meredith	Director

Dave Peck P.Geo, is the Qualified Person for Grid Metals Corp. for purposes of National Instrument 43-101 and has reviewed the technical content of this document.

Additional Information

Additional information about the Company including the financial statements, press releases and other filings are available on the internet at www.sedar.com and additional supplemental information is available on the Company website at www.gridmetalscorp.com.