

# **SIERRA GROWTH CORP.**

**(formerly GRENVILLE GOLD CORP.)**

## **Management Discussion and Analysis**

**Nine Months Ended September 30, 2020**

# **SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**Nine months ended September 30, 2020**

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The following discussion and analysis should be read in conjunction with the condensed consolidated interim financial statements and notes of Sierra Growth Corp. (formerly Grenville Gold Corp.) for the nine months ended September 30, 2020 accompanying this report. This MD&A should also be read in conjunction with the audited consolidated financial statements for the recent year ended December 31, 2019. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company and other regulatory filings can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

This MD&A is dated November 30, 2020.

### **Forward-Looking Statements**

Forward looking statements are statements that are not historical facts and are generally, but not always identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets” and similar expressions, or that events or conditions “will”, “may”, “could” or “should” occur. The information contained herein may contain forward-looking statements including expectations of future production, cash flows or earnings. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. Factors that could cause the actual results to differ materially from those in forward-looking statements, but are not limited to: risk associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures.

Although management believes that the expectations represented by such forward-looking statements are reasonable, there is significant risk that the forward-looking statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Forward-looking statements in this management discussion include, but not limited to:

1. Statements concerning Sierra Growth’s primary business activities;
2. Its intention to commence an exploration program on its Peruvian assets, and
3. Sierra Growth’s intention to seek and acquire additional mineral properties worthy of development.

Management has made numerous assumptions regarding, among other things:

1. Sierra Growth’s ability to commence an exploration program on the properties, and
2. Sierra Growth’s ability to acquire further exploration projects.

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**Description of Business**

Sierra Growth Corp. (formerly Grenville Gold Corp.) (the “Company” or “Sierra” or “SGRO”) is a junior natural resource issuer dedicated to developing a sustainable and profitable business by progressively developing mineral properties in South America.

The Company was incorporated under the laws of Ontario and on June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company’s principal business is the acquisition, exploration and development of mineral properties. The Company carries on mineral exploration projects in Peru.

On February 15, 2019, the Company changed its name from Grenville Gold Corp. to Sierra Growth Corp.

The Company is a reporting venture issuer in Ontario, British Columbia and Alberta and was listed on Canadian Securities Exchange (the “CSE”) under the symbol “SGRO”. The Company’s shares are also listed on the Berlin and Frankfurt stock exchanges in Germany under the symbol “F91Q”, and pink sheets in the United States under the symbol “SIERF”.

The Company’s principal business is acquisition and development of resource properties with merit.

The head office, registered address, principal address and records office of the Company are located at 4770 – 72<sup>nd</sup> Street, Delta, British Columbia, Canada, V4K 3N3.

**Corporate update**

On July 20, 2020, the Company granted 1,000,000 stock options to its officers, directors, and consultants. The holders can exercise these options at \$0.15 per share before July 20, 2022.

**Mineral properties**

	Espanola
	\$
Balance, December 31, 2018	1,496,430
Maintenance of mineral properties	226,448
Balance, December 31, 2019	1,722,878
Impairment	(1,722,878)
Balance, September 30, 2020	-

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**Espanola Property**

The Company owns 100% of the Espanola property which consists of 17 claims in the San Mateo Mining District in the province of Canete, Peru.

The Company is required to pay permit renewal fees for the Espanola Property during the period ended September 30, 2020. Given the difficulties to manage these properties located in remote areas, management has concluded the Company would like to focus in the acquisition and development of resources properties located in North America. As a result, the Company did not renew the permits of this property and recorded an impairment charges of \$1,722,878.

**Letter of Intent**

On June 25, 2020, the Company entered into a non-binding letter of intent with Primus Resources LC (“Primus”), a Nevada based privately held corporation, whereby Sierra will acquire all of Primus’ right, title, interest, and obligations in and to 3 projects, inclusive of 5 properties consistent of, but not limited to, 50 unpatented gold mining claims (the “Properties”), (collectively the “LOI”).

The Company has paid a refundable deposit of \$14,214 (USD10,000) in July 2020 to allow the Company to complete a thorough due diligence and evaluation of the Properties in 90 days. Should due diligence be satisfactorily achieved and the Definitive Agreement executed, the LOI further contemplates:

- An outright acquisition over a 6-year period, with an aggregate price (all in USD), per project, as follows:
  - Betty East Property \$500,000; Mildred/B&C Springs Property \$500,000; and New Sat/Glitra Property \$675,000.

The aggregate price is subject to an agreed upon schedule containing payments in cash and stock of the Company, which will be more specifically set out in the Definitive Agreement.

- Grant to Primus a 2.0% Net Smelter Return (“NSR”), with buydown provisions as follows:
  - Betty East for \$1,500,000 for one-half of the NSR;
  - The Mildred/B&C Springs and the New Sat/Glitra Properties for one-half (1%) percent of the NSR can be purchased for the price of \$2,000,000. Both these packages contain 2 properties each.

There shall be an area of influence which shall consist of the area within 1.5 miles from the current boundary of the Properties. Any new claims or property acquired within the area of influence shall be subject to the 2% NSR provisions, excepting (1) in case where the acquired claims or property carry an existing 3rd party royalty, in which case, Primus shall only be entitled to any percentage of NSR, if any, that would bring the aggregate total NSR to a maximum of 2%; (2) current active claims of Primus or its principles that are not part of the Agreement which may overlap into the area of influence.

The Company is still in the process of the due diligence as of the date of this report.

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**Summary of quarterly results**

Quarter ended,	30-Sep-20	30-June-20	31-Mar-20	31-Dec-19
	\$	\$	\$	\$
Loss for the period	(1,874,208)	(75,085)	(79,937)	(129,108)
Loss per share	(0.05)	(0.00)	(0.00)	(0.00)

  

Quarter ended,	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18
	\$	\$	\$	\$
Loss for the period	(73,978)	(216,125)	(49,872)	(165,412)
Loss per share	(0.00)	(0.01)	(0.00)	(0.00)

The Company's quarterly historical results were not subject to seasonality. The loss during the quarter ended September 30, 2020 was higher than average as the Company recorded a non-recurring impairment charge of \$1.72 million on its Espanola property during the current quarter.

**Results for the nine months ended September 30, 2020**

<b>Nine months ended September 30,</b>	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
	\$	\$	\$
<b>Operating expenses</b>			
Amortization	810	811	(1)
Filing and transfer fees	16,395	21,609	(5,214)
Foreign exchange expenses (gain)	(1,278)	(23,061)	21,783
Management and consulting (i)	171,460	203,879	(32,419)
Office, occupancy, and general	39,090	57,381	(18,291)
Professional fees (i)	30,875	79,356	(48,481)
Share-based compensation (ii)	44,000	-	44,000
Loss before the followings:	(301,352)	(339,975)	38,623
Impairment of exploration and evaluation assets	(1,722,878)	-	(1,722,878)
<b>Net and comprehensive loss</b>	<b>(2,024,230)</b>	<b>(339,975)</b>	<b>(1,684,255)</b>

(i) The Company has started actively reviewing resource properties with merit commencing the second quarter ended June 30, 2020. As a result, management, consulting, professional fees may increase in the following quarters.

(ii) The Company did not have options outstanding in 2019. In addition, the Company granted options during the current quarter. As a result, share-based compensation increased

(iii) As discussed in previous section, the the Company did not renew the permits of Espanola property and recorded a non-recurring impairment charge of \$1,722,878 during the quarter ended September 30, 2020. No similar impairment in 2019.

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**Results for the three months ended September 30, 2020**

<b>Three months ended September 30,</b>	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
	\$	\$	\$
<b>Operating expenses</b>			
Amortization	270	270	-
Filing and transfer fees	5,135	2,872	2,263
Foreign exchange expenses (gain)	(940)	842	(1,782)
Management and consulting	69,460	30,145	39,315
Office, occupancy, and general	11,433	9,475	1,958
Professional fees	16,972	30,374	(13,402)
Share-based compensation	44,000		44,000
Loss before the followings:	(146,330)	(73,978)	(72,352)
Impairment of exploration and evaluation assets	(1,722,878)	-	(1,722,878)
<b>Net and comprehensive loss</b>	<b>(1,869,208)</b>	<b>(73,978)</b>	<b>(1,795,230)</b>

The movement for the current quarter is similar to the comparison of the performance for the nine-month period.

**Capital Resources and Liquidity**

The Company's cash balance as at September 30, 2020 was \$112,579 (December 31, 2019 - \$347,768) and the working capital deficiency was \$38,371 (December 31, 2019 - \$244,215). The Company realized that the financial resources on hand may not be enough to finance its operations in the next twelve months. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

Management intends to finance operating costs over the next twelve months and elimination of working capital deficiency with loans with maturity longer than one year from directors and companies controlled by directors and/or private placement of common shares. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

**Disclosure of Outstanding Share Data**

As at the reporting date of this MD&A, there were 41,107,095 common shares outstanding.

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### Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Transactions with related parties are as follows:

Nine months ended September 30, 2019		Consulting fees	Geological services	Share-based compensation
		\$		\$
Sonny Janda	CEO	90,000	-	11,000
Larry Tsang	CFO	18,000	-	1,100
Craig Alford	Director	-	13,460	8,800
Shaun Dykes	Director	-	-	7,700
Daryl Ware - Lane	Director	-	-	6,600
Jared Scharf	Director	-	-	6,600
		108,000	13,460	41,800

Nine months ended September 30, 2018		Consulting fees	Share-based compensation
		\$	\$
Sonny Janda	CEO	104,500	-
Larry Tsang	CFO	10,000	-
Craig Alford	Director	-	-
Shaun Dykes	Director	-	-
Daryl Ware - Lane	Director	-	-
Jared Scharf	Director	-	-
		114,500	-

As at September 30, 2020, \$38,750 (2019 - \$14,500) was included in trade payables and accrued liabilities from amounts owing to related parties.

### Proposed Transactions

Other than the letter of intent discussed in the above, the Company does not have any proposed transactions that are material to disclose.

### Off Balance Sheet Arrangements

The Company does not have off balance sheet arrangements nor transactions.

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### Significant Accounting Policies

A full listing of the Company's significant accounting policies is available in the consolidated financial statements and notes for the year ended December 31, 2019.

### Controls and Procedures

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings of other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost effective basis.

### Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors reviews and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures. There was no change in the management of the financial risks compared to the recent year ended December 31, 2019.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks, there is a concentration of credit risk. However,

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this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

***Foreign Exchange Risk***

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Peruvian subsidiaries are exposed to currency risk as they incur expenditures that are denominated in US dollars and the Peruvian Soles, and their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. A 10% fluctuation in the US dollar and Peruvian Sole would not have a material impact on the results of the Company.

***Interest Rate Risk***

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

**Classification of Financial Instruments**

Financial assets and liabilities in the statement of financial position are as follows:

	2020/9/30	2019/12/31
Amortized cost:		
Cash	\$ 112,579	\$ 347,768

Amortized cost:

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Trade payables and accrued liabilities           \$ 163,395   \$ 119,878

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**Fair Value**

The Company does not have financial instruments measured at fair value. The carrying amount of the Company's financial assets and liabilities approximate the fair values due to their short-term nature.

**Risks Disclosure**

***Infectious Disease Risk***

The recent outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effect that these events will have on the price of Company's shares, the ability for the Company to raise capital and operate the mining activities is highly uncertain and as such, the Company cannot determine their financial impact at this time.

***Business Risk***

The Company's financial results may be significantly influenced by its business environment. Business risks include, but not limited to:

- cost to find, develop, produce and deliver commodities;
- satisfactory title to property it has agreed to develop;
- government regulations; and
- cost of capital.

***Uncertainty of Exploration and Development Programs***

Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on exploration by the Company will result in discoveries or production of minerals in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling unknown formations and the costs associated with encountering various drilling conditions. The long-term success of the Company's mineral programs depends on its ability to find, acquire, develop and commercially produce mineral properties.

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There is no assurance that the Company will be able to locate satisfactory properties for acquisition or participation. Even if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions, or participations uneconomic. Future mineral exploration may involve unprofitable efforts, not only from unsuccessful exploration drilling, but also from deposits that do not produce sufficient net revenues to return a profit after mining, operating and other costs.

In addition, mining hazards or environmental damage could greatly increase the costs of operations, and various field operating conditions, such as delays in obtaining any necessary governmental consent or approvals, extreme weather conditions or insufficient transportation capacity, may adversely affect the production from successful mines. Mineral exploration and development activities are also dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

### ***Future Acquisition***

The Company undertakes evaluations of potential opportunities to acquire additional mining assets from time to time. Any resultant acquisitions or joint ventures may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its growth strategies depends on its ability to identify suitable acquisitions, acquire them on acceptable terms and integrate them successfully into those already in existence.

Any future acquisitions would be accompanied by risks, such as changes in commodity prices, reserves proving to be below expectations; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful integrations of acquired assets; the maintenance of uniform standards, controls, procedures and policies; the potential unknown liabilities associated with acquired assets and businesses. In addition, the Company may need additional capital to finance new acquisitions of assets. Equity financing may expose the Company and its existing shareholders to dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisition of assets.

### ***Regulatory Risk***

The operations of all mineral explorers and producers are subject to extensive controls and regulations imposed by various levels of government. The Company monitors and adheres to all regulations which could affect its operations and has established standards of operating practice which are designed to

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minimize risk to our employees, the community and the environment. Changes to regulations could have an adverse effect on the Company's result of operations and financial condition.

***Safety and Environmental Risk***

The mineral exploration business is subject to extensive regulation pursuant to various state, national and international conventions and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on mine size, mill size and overburden and tailing management.

The Company is committed to meeting its environmental and safety policy that is designed, at minimum to comply with current governmental regulations set for the mineral exploration industry. Changes to government regulations are monitored to ensure compliance. Environmental reviews are completed as part of the due diligence process when evaluating acquisitions and developments.

**Officers & Directors**

Directors and officers have a duty to exercise due diligence in overseeing the activities of the Company. They are required to act in "good faith" and in the best interest of the Company.

Sonny Janda, CEO and Director  
Larry Tsang, CFO  
Shaun Dykes, Director  
Daryl Ware-Lane, Director  
Craig Alford, Director

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