GREAT BEAR
ROYALTIES

Management's Discussion and Analysis

For the three and six months ended June 30, 2021 and the three months ended June 30, 2020 and the period from the date of incorporation on January 31, 2020 to June 30, 2020

INTRODUCTION

This management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2021 and the three months ended June 30, 2020 and from the date of incorporation on January 31, 2020 to June 30, 2020 was prepared by management and approved and authorized for issue on August 16, 2021 for Great Bear Royalties Corp. (the "Company" or "Royalties Corp") in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the Company's condensed interim financial statements for the three and six months ended June 30, 2021 and the three months ended June 30, 2020 and the period from the date of incorporation on January 31, 2020 to June 30, 2020.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the MD&A, is complete and reliable.

All amounts are in Canadian dollars unless otherwise specified. Additional information is available on the Canadian System for Electronic Document Analysis and Retrieval at www.sedar.com.

BUSINESS OVERVIEW

Royalties Corp. was incorporated as a wholly owned subsidiary of Great Bear Resources Ltd. ("GBR") under the Business Corporations Act (British Columbia) on January 31, 2020. On April 5, 2021, Royalties Corp was listed and commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol "GBRR". The head office and principal address of the Company is 1020-800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The Company is a royalty-focused company with initial assets comprised of a net smelter royalty ("NSR") on GBR's wholly owned Dixie Project located in the Red Lake District of Ontario (the "Dixie Project") as well as a portfolio of equity investments in resource-focused public companies.

On May 5, 2020, GBR completed a share capital reorganization by way of statutory plan of arrangement whereby all shares of Royalties Corp. were distributed to shareholders of GBR, as a return of capital (the "Arrangement").

As part of the Arrangement, the Company acquired:

- $500,000 in cash
- Equity instruments valued at $954,538
- A two percent (2%) NSR agreement on all potential future mineral production at the Dixie Project.

Pursuant to of the Arrangement, existing GBR shareholders received one (1) share of the Company for every four (4) GBR shares they held immediately prior to the closing of the Arrangement. Upon completion of the Arrangement, GBR shareholders were issued 12,008,113 common shares in the Company, proportionate to their holdings of GBR.

Upon completion of the Arrangement, GBR share option holders received share options in Royalties Corp. which were proportionate to, and reflective of the terms of their existing option in GBR. A total of 1,091,875 share options of Royalties Corp. were issued pursuant to the Arrangement. During the period ended December 31, 2020, 1,078,375 share options were exercised and 13,500 share options were cancelled.

Under the Arrangement, GBR warrant holders received, upon exercise of any GBR warrant (the "GBR Warrants"), for the original exercise price, one common share of GBR and one-fourth of a common share of Royalties Corp. GBR has paid Royalties Corp. an amount equal to one-fourth of the proceeds received by GBR on exercise of the warrants multiplied by the product of their respective fair market values as of the closing date of the Arrangement. A total of 2,239,230 GBR Warrants were outstanding at the time of the Arrangement, all of which have been exercised during the period ended December 31, 2020 in exchange for the issuance of 559,802 shares of Royalties Corp.

(Expressed in Canadian Dollars, except as noted)

SELECTED ANNUAL INFORMATION

	Jun 30, 2021	Dec 31, 2020
Total assets	$ 3,577,537	$ 4,521,060
Total liabilities	$ 92,559	$ 158,966

SUMMARY OF QUARTERLY RESULTS

	Three months ended		
	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Net (loss)/earnings	$ (148,519)	$ (270,394)	$ 44,864
Basic and diluted net (loss)/earnings per share	$ (0.01)	$ (0.01)	$ 0.00

	Three months ended		Jan 31, 2020 to
	Sept 30, 2020	Jun 30, 2020	Mar 31, 2020
Net loss	$ (82,424)	$ (15,430)	$ -
Basic and diluted net (loss)/earnings per share	$ (0.01)	$ (0.00)	$ -

RESULTS OF OPERATIONS

For the three months ended June 30, 2021, the Company recorded a net loss of $148,519 (Q2 2020 - $15,430) relating primarily to general and administrative costs. The Company also recognized share-based compensation expense of $46,748 (Q2 2020 - $nil) relating to the Black-Scholes valuation of the 2,500,000 share options granted to officers, directors and consultants of the Company in January 2021 which vest over a period of 18 months. The Company also recorded net comprehensive income of $62,560 (Q2 2020 – income of $513,251) primarily arising from the change in the fair value of equity instruments acquired as part of the Arrangement.

For the six months ended June 30, 2021, the Company recorded a net loss of $418,913 (Q2 2020 - $15,430) primarily relating to professional and filing fees incurred for the Company’s listing on the TSX.V and general and administrative costs. The Company also recognized share-based compensation expense of $133,077 (Q2 2020 - $nil) relating to the Black-Scholes valuation of the 2,500,000 share options granted to officers, directors and consultants of the Company in January 2021 which vest over a period of 18 months. The Company also recorded net comprehensive loss of $1,006,224 (Q2 2020 – income of $513,251) primarily arising from the change in the fair value of equity instruments acquired as part of the Arrangement.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital surplus of $3,553,409 as at June 30, 2021 (December 31, 2020 - $4,430,525). The Company’s approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due. As at June 30, 2021, the Company had cash of $3,251,875 (December 31, 2020 - $2,406,621) to settle current liabilities of $24,128 (December 31, 2020 - $90,535). All of the Company’s financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The net change in cash position at June 30, 2021 compared to March 31, 2021 was an increase of $886,427 (Q2 2020 - $499,993), generated by the proceeds from the sale of investments in equity instruments of $1,001,962 (Q2 2020 - $nil), offset by cash used in operations of $115,535 (Q2 2020 - $6,040). During the three months ended June 30, 2020, the Company also received $506,033 from financing activities relating to the Arrangement.

The net change in cash position at June 30, 2021 compared to December 31, 2020 was an increase of $845,254 (Q2 2020 - $499,994), generated by the proceeds from the sale of investments in equity instruments of $1,173,704 (Q2 2020 - $nil), offset by cash used in operations of $328,450 (Q2 2020 - $6,040). During the six months ended June 30, 2020, the Company also received $506,034 from financing activities relating to the Arrangement.

(Expressed in Canadian Dollars, except as noted)

RISKS AND UNCERTAINTIES

The Company is focused on gaining exposure to commodity prices by making strategic investments in mining interests, including royalties, streams, debt and equity investments in mining companies. Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment.

Since March 2020, a global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently in place in Canada and other countries to fight the virus.

OUTSTANDING SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value. As of the date of this MD&A, 27,292,580 common shares and 2,500,000 share options of the Company were issued and outstanding.

RELATED PARTY TRANSACTIONS

The renumeration of key management which, includes directors and officers, during the period were as follows:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Period from Jan 31, 2020 to June 30, 2020
Share-based payments	**$ 41,195**	$ -	**$ 117,315**	$ -
	$ 41,195	$ -	**$ 117,315**	$ -

OFF- BALANCE SHEET TRANSACTIONS

The Company has not entered into any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Company's financial instruments consist of cash, investments in equity instruments, receivables, and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risk are set out below. Besides the risks discussed elsewhere in the MD&A, there are other risks and uncertainties that have affected the Company's condensed interim financial statements or that may affect them in the future. See Note 7 of the condensed interim financial statements for the three and six months ended June 30, 2021 and the three months ended June 30, 2020 and the period from the date of incorporation on January 31, 2020 to June 30, 2020.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

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 maintains sufficient cash balances to meet current working capital requirements. The Company's accounts payable have contractual maturities of 30 days and are subject to normal trade terms. The Company is considered to be in the exploration and evaluation stage, thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is available on demand for the Company's programs and is not invested in any asset-backed commercial paper. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at June 30, 2021.

Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, and restricted cash as they are generally held with large financial institutions.

Price Risk

Investments in equity instruments which are classified as fair value through other comprehensive income and are measured at fair value, are listed on public stock exchanges, including the TSX Venture Exchange and the OTC-QB. Recently, the markets have experienced extreme volatility. Therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at June 30, 2021 would have increased investments in equity instruments by $45,173 (December 31, 2020 - $309,325). An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are presented in Note 5 of the audited financial statements for the period from the date of incorporation on January 31, 2020 to December 31, 2020, except as noted below. Note 5 provides that the preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, 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 expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below.

Leases

The Company assesses if a contract is or contains a lease at inception of the contract. Control is considered to exist if the contract conveys the right to control the use of an identified asset during the term of the lease. When a lease is identified, a right-of-use asset and a corresponding lease liability are recognized, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an expense in profit or loss on a straight-line basis.

Right-of-use assets, which are included in property and equipment, are recognized at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and decommissioning and restoration costs, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease or the Company's incremental borrowing rate, if the rate implicit in the lease cannot be determined.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company's financial statements have been prepared assuming the Company will continue on a going-concern basis. Refer to Note 4 of the Company's audited financial statements for the period from the date of incorporation on January 31, 2020 to December 31, 2020 for the assumptions made to determine that the Company will continue on a going-concern basis.

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

Share-based payments

Numerous assumptions are made when accounting for share-based payments, including expected volatility, expected life and dividend yield. Changes to these assumptions may alter the resulting accounting and ultimately the amount charged to profit or loss.

CAPITAL MANAGEMENT

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the period ended June 30, 2021. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. As at June 30, 2021, the Company is not subject to externally imposed capital requirements.

FORWARD-LOOKING STATEMENTS

This MD&A contains “forward-looking information” or “forward-looking statements” within the meaning of applicable securities legislation. Forward-looking information is provided as of the date of this MD&A and the Company does not intend to and does not assume any obligation to update forward-looking information, except as required by applicable law. For this reason and the reasons set forth below, investors should not place undue reliance on forward looking statements.

Generally, forward-looking information can be identified by the use of forward-looking terminology 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 information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking statements. Such risks include, but are not limited to: the impact of general business and economic conditions; the absence of control over mining operations from which the Company may purchase royalties or from which it may receive royalty payments, and risks related to those mining operations, including risks related to government and environmental regulation, delays in mine construction and operations, actual results of mining and current exploration activities, conclusions of economic evaluations and changes in project parameters as plans are refined; problems related to the ability to market precious metals or other metals; industry conditions, including commodity price fluctuations, interest and exchange rate fluctuations; interpretation by government entities of tax laws or the implementation of new tax laws; the volatility of the stock market; competition; the potential impact of epidemics, pandemics or other public health crises, including the current COVID-19 outbreak, on the Company’s business, operations and financial condition; also, those risk factors discussed elsewhere in this MD&A.

Forward-looking statements are based on a number of material assumptions, which management of the Company believe to be reasonable, including, but not limited to, the continuation of the exploration, development and mining operations from which the Company may purchase precious or other metals or in respect of which the Company may receive royalty payments, that commodity prices will not experience a material adverse change, exploration, development and mining operations that underlie any royalties will operate in accordance with disclosed parameters and such other assumptions as may be set out herein.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results to not be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Readers of this MD&A should carefully review the risk factors set out in this MD&A.