



***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

Nine- month period ended

September 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) presents an analysis of the financial position and results of operations of Vanstar Mining Resources Inc. ("Vanstar" or the "Company") for the nine-month period ended September 30, 2019 and is complementary to the unaudited interim financial statements. It should be read in conjunction with the annual financial statements for the year ended December 31, 2018 and the accompanying notes. Monetary values in the financial statements are in Canadian dollars.

The Company's interim financial statements for the period ended September 30, 2019 were prepared in accordance with IAS 1, *Presentation of Financial Statements* and IAS 34, *Interim Financial Reporting*. They have not been reviewed by the Company's independent auditors. The principal accounting policies used in their preparation are summarized in Note 4 to the annual financial statements of the Company as at December 31, 2018.

This MD&A also includes a review of exploration activities, providing a brief summary of the work carried out and the progress made on projects underway. This review must also be read in conjunction with the financial statements and accompanying notes.

Additional information is available on SEDAR at www.sedar.com in the section containing documents filed by Vanstar Mining Resources Inc. or on the Company's website www.vanstarmining.com.

FORWARD-LOOKING INFORMATION

This document contains forward-looking statements that reflect the Company's current expectations regarding future operations. To the extent that statements in this document contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements involve risk, uncertainty and other factors that could cause actual results that differ from the results anticipated or implied by such forward-looking statements.

Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities legislation.

CONSTITUTION AND NATURE OF BUSINESS

The Company was incorporated in 2007 under the Canada Business Corporations Act. The capital stock consists of an unlimited number of common shares without par value, of which 49,038,328 were issued and outstanding as at the date of this MD&A. The Company's shares are listed on the TSX Venture Exchange under the symbol VSR and on the Frankfurt Exchange under the symbol 1V8.

The activities of Vanstar consist of acquiring, exploring, appraising, and, if applicable, developing mining mineral properties. In addition, in line with achieving its objectives, the Company could be required to sign various agreements specific to the mining industry, such as purchase or option agreements for mining claims and joint venture agreements.

PERIOD HIGHLIGHTS

Net loss for the nine-month period ended September 30, 2019, amounted to \$275,430, compared to a net income of \$1,303,233 for the same period ended in 2018. The latter amount includes a gain of \$1,699,071 resulting from the partial sale of the Nelligan mining project.

In accordance with the February 2018 amended agreement related to the Nelligan project, IAMGOLD Corporation (Iamgold) holds an option to earn a further 24% undivided interest in exchange for cash payments totalizing \$2,750,000 to Vanstar and the delivery of an NI 43-101 compliant Resource Estimate Technical Report before March 2022. In this regard, a \$400,000 payment was made by Iamgold to Vanstar in February 2019.

During the nine-month period ended September 30, 2019, a total of 1,000,000 stock options were issued to a director, an officer and some consultants, with exercise prices ranging from \$0.17 to \$0.235.

During the nine-month period ended September 30, 2019, 2,032,000 warrants and 2,936,000 stock options have been exercised. As a result, a total of \$461,190 was received by the Company.

INFORMATION ON MINING PROPERTIES

NELLIGAN PROJECT

This project is located 50 km to the south of Chapais. Access to the property is easy by the paved highway 113 N that links Chapais to Chibougamau and by forestry gravel roads reaching to the center of the property.

In February 2017, a 2% NSR royalty was acquired from the original prospectors in return of the issuance of 1,200,000 common shares of the Company and two \$37,500 convertible debentures maturing in 2020. In April 2019, the debentures were converted into 340,908 common shares at a unit price of \$0.22.

Following an original agreement signed on November 12th 2104, IAMGOLD had the option to acquire up to an 80% interest in the Nelligan project. On February 22nd, 2018, the original agreement was replaced by an Amending Agreement where Vanstar granted IAMGOLD an exclusive and irrevocable first option to acquire an undivided 51% interest in the Nelligan project (including the Emile and Miron properties, contiguous to the original Nelligan property) by paying to Vanstar an additional amount of \$2,150,000 on the date of the Amending Agreement.

Following the exercise of the first option of the Amending Agreement, IAMGOLD holds an option to earn a further 24% undivided interest in exchange for cash payments totaling C\$2,750,000 to Vanstar and the delivery of an NI 43-101 compliant Resource Estimate Technical Report before March 2022. The \$2,750,000 sum will be paid out in 3 annual payments of \$400,000 and a final amount of \$1,550,000 on or before the 4th anniversary of the acquisition of the 51% interest. Upon the fulfillment of those conditions, Vanstar will cancel half of a 2% NSR royalty acquired in 2017 from the original prospectors and will retain a 1% NSR as well as a 25 % interest on the Nelligan project.

Should Iamgold advise Vanstar that it does not wish to exercise its option to earn a further 24% undivided interest, then Vanstar will have the right to acquire the Iamgold's interest in the Nelligan project for a purchase price equal to the sum of all cumulative exploration expenditures incurred by Iamgold on the property until the point of cessation of the option.

Once vested to an undivided 75% interest, IAMGOLD will have a further option to acquire an additional interest of 5%, to hold an 80% interest in the Nelligan project by completing and delivering a Feasibility Study. Vanstar would then retain a 20% undivided non-contributory carried interest until the commencement of commercial production and a 1% NSR royalty on selected claims of the project. Upon completion of a Feasibility Study on the property, Iamgold would be entitled to purchase this free carried 20% interest from Vanstar for a price equal to its then fair value, to be determined by a mutually appointed recognized independent valuator. In addition to the purchase price, Vanstar would retain a royalty with respect to the Property equal to one and half percent (1.5%) of Net Smelter Returns and the 1% NSR royalty on selected claims of the property, acquired in 2017 from the original prospectors.

The Nelligan project currently includes the blocks of cells Emile and Miron contiguous to the original Nelligan property, for a total of 158 mining map-designated cells and 8,216 hectares for the entire project. It is located in a favorable geological environment where there are several important gold showings, in particular the Joe Mann mine (3.35 m at 9.1 g/t Au), the Philibert deposit (1.5 m at 5.4 g/t Au) and the Meston Lake deposit (1.22m at 6.35 g/t Au).

The central part is occupied by a volcano-sedimentary band of 1 to 2 km oriented ENE which is associated with the Obatogamau Formation. Mineralization is located near large deformation corridors EW to ENE part of the Guercheville-Fancamp system.

The geological and structural environment of the Lake d'Eu showing favors the emplacement of vein-type mesothermal and replacement gold mineralization. These same contexts are found at the Joe Mann Mine and the Philibert and Chevrier Indices. The historical holes revealed grades of 2.17 g / t Au and 3.5 g / t Au (holes 94-13 and 95-01) over widths of 4.4 and 10 meters respectively.

The gold showings can be grouped according to their mineralization style: vein-structure type mineralization (Lac d'Eu) and disseminated pyrite mineralization. At the local level, the Nelligan Project contains several interesting gold showings, including Liam, Dan, 36 and Renard.

These gold showings have been discovered and worked by drilling during the various drilling campaigns carried out on this project since 2013. These new gold-bearing structures have been intersected to this day over a length ranging from 400 to 2,000 meters (Renard zone) and a depth of more than 450 meters and widths varying on average from 15 meters to more than 150 meters. The presence of gold is constant throughout the drilling. Native gold has been noted in several places in the different zones. These zones remain open both laterally and at depth. The Renard and 36 zones are located in a large gold-bearing corridor several kilometers long (East-West direction) associated with a series of structural folds and magnetic anomalies of great amplitude.

2018 Work program

A drilling program totaling 13,362 meters was completed in 2018 for a total of 32 holes.

All 2018 drilling was done in the Renard Zone. Results from the first 23 drill holes of the 2018 campaign were published by press releases on September 11 and November 16, 2018. Results for the last 9 drill holes were published on January 10, 2019.

2019 Work program

Another major drilling campaign of more than 17,000 meters, started in mid-January 2019. Assay results were published by press releases on May 30 and August 13, 2019.

The aim of this campaign was to have a better overview of the Renard area, including defining its northern limit, verifying its continuity near the surface and its westward extension potential. The results have all achieved the objectives sought and they have been used to model the Renard deposit and complete a first 43-101 evaluation report of the existing resource. The main elements of the report were published in the October 22, 2019 press release..

The management of Vanstar is very satisfied with the results from the 2019 drilling campaign carried out by its partner IAMGOLD Corporation. Most holes show a constant auriferous presence in a large altered and mineralized hydrothermal system. The Renard zone remains open both laterally and at depth. It is interesting to note that the potential for westward extension was demonstrated by the drilling performed in this extension.

INITIAL MINERAL RESOURCE ESTIMATE FOR THE NELLIGAN PROJECT

The initial mineral resource estimate shows a pit-constrained inferred resource totalling 96.99 million tons averaging 1.02 grams of gold per ton for 3,193,900 ounces of contained gold. The estimate includes four mineralized zones where geological and grade continuities have been demonstrated by Iamgold and Vanstar exploration drilling programs.

The most significant contribution (in terms of ounces) is provided by the recently discovered Renard zone which has been intersected in drilling for over one kilometer along strike with a true thickness exceeding 100 meters. The deposit is characterized by homogeneous low-grade gold mineralization associated with fine pyrite mineralization hosted in an altered sequence of dominantly metasedimentary rocks. Mineralization remains open at depth and along strike to the west. The potential for adding additional resources is considered favorable and will be the focus of future exploration programs.

In the coming months additional metallurgical tests will be completed to provide additional information on the metallurgical recoveries from the various zones of mineralization comprising the mineral resources of the Nelligan gold deposit and to help optimize the process flow sheet parameters.

Planning for future drilling programs is continuing and will involve a number of objectives including: additional infill drilling to improve resource classification and convert inferred resources to an indicated resource category; evaluate potential resource extensions in the deeper parts of the deposit; and evaluate resource expansions along strike.

Regional exploration will also continue to define and test other priority exploration targets on the property.

EXPLORATION ACTIVITY FOR 2019

In 2019, all exploration work on the Nelligan project will be done by IAMGOLD Corporation.

Currently, the Company does not have any exploration plans. However, this could be revised if new opportunities become available.

OVERALL PERFORMANCE

Net loss for the nine-month period ended September 30, 2019, amounted to \$275,430 (\$0.006 per share), compared to a net income of \$1,303,233 (\$0.031 per share) for the same period ended in 2018. The latter amount includes a gain of \$1,699,071 resulting from the partial sale of the Nelligan mining project.

Net result for the period ended September 30, 2019 includes an amount of \$400,000 received from IAMGOLD Corporation in February 2019, in connection with the February 2018 agreement related to the Nelligan project.

Summary of quarterly results :

	<u>2019</u>	<u>2018</u>
	\$	\$
Comprehensive and net income (loss)	(275,430)	1,303,233
Net income (loss) per share	(0.006)	0.031
Gain on disposal of mining exploration assets	-	1,699,071
Gain resulting from payment received in connection with the Nelligan project agreement	400,000	-
Termination payment made to a former officer	154,000	-
Share-based compensation	94,200	78,340

Main administrative expenses:

Consulting and professional fees	122,091	129,840
Management fees	42,500	48,333
Salaries and employee benefits	137,005	92,542
Traveling and public relations	83,907	17,622

Consulting and professional fees include audit fees, legal services and costs for mandates granted by the Company for marketing services and revision of the web site of the Company.

The increase in salaries reflects the appointment of a new officer in April 2019.

The Company entered into a one-year agreement with a consultant in relation to the development and execution of public relations strategies, starting April 2019. A monthly fee of \$7,500 is paid to the consultant.

QUARTERLY RESULTS:

	2019				2018		2017	
	T3	T2	T1	T4	T3	T2	T1	T4
	\$	\$	\$	\$	\$	\$	\$	\$
Gain related to disposal of mining assets	-	-	400,000	-	-	-	1,699,071	-
Share-based compensation	67,200	-	27,000	-	59,420	18,920	-	27,225
Contract termination payment	-	154,000	-	-	-	-	-	-
Net result before income taxes	(181,610)	(367,054)	273,234	(122,122)	(161,191)	(153,523)	1,617,947	(90,803)
Net result per share before income taxes	(0.004)	(0.008)	0.006	(0.003)	(0.004)	(0.004)	0.04	(0.002)

FINANCIAL POSITION

	September 30 <u>2019</u> \$	December 31 <u>2018</u> \$
Cash and cash equivalents	273,536	76,969
Investments	2,013,000	2,011,750
Exploration assets	432,874	434,838
Total assets	2,951,314	2,651,552
Share capital	4,054,479	3,284,930
Cash flow	2,298,776	2,073,798

WORKING CAPITAL

Working capital amounted to \$2,298,776 as at September 30, 2019. The Company's management believes that its liquidity is sufficient to cover its financial liabilities and future liabilities related to its commitments.

SHARE CAPITAL

Authorized : Unlimited number of common shares without par value, voting, participating.

Issued :

	<u>Number of shares</u>	<u>\$</u>
Outstanding at beginning	43,154,420	3,284,930
Convertible debentures	340,908	75,000
Exercise of warrants	2,032,000	293,392
Exercise of stock options	<u>2,936,000</u>	<u>401,157</u>
Outstanding at end of period	<u>48,463,328</u>	<u>4,054,479</u>

During the nine-month period ended September 30, 2019, 2,032,000 warrants were exercised. An amount of \$203,200 was received. An amount of \$90,192 representing the fair value of the warrants, was recorded as an increase in share capital.

During the nine-month period ended September 30, 2019, a total of 2,936,000 stock options were exercised. An amount of \$257,990 was received. An amount of \$143,167 representing the fair value of the stock options at the time of the issue, was recorded as an increase in share capital.

In April 2019, the convertible debentures were converted into 340,908 common shares at a unit price of \$0.22.

WARRANTS

Issued to shareholders :

	<u>Number</u>	<u>Exercise price</u>
Outstanding as at January 1st, 2019	2,350,000	\$0.10
Exercised	<u>(1,950,000)</u>	\$0.10
Outstanding as at September 30, 2019	<u><u>400,000</u></u>	\$0.10

The 400,000 warrants outstanding will expire in June 2020.

Issued to broker:

The 82,000 warrants outstanding as at December 31, 2018 were exercised in March 2019.

SHARE-BASED PAYMENTS

The Company has a share-based payments plan for eligible directors, officers, employees and consultants. The maximum number of shares that may be issued under the plan is 9,552,665.

Stock options - Information relating to the nine-month period ended September 30, 2019:

	<u>Number</u>	<u>Exercise price</u>
		<u>\$</u>
Outstanding as at January 1st, 2019	6,461,000	0.09
Expired	(200,000)	0.12
Granted	1,000,000	0.21
Exercised	<u>(2,936,000)</u>	0.09
Outstanding as at September 30, 2019	<u><u>4,325,000</u></u>	0.12

The weighted average fair value of stock options granted is \$0.09. The value was determined using the Black & Scholes option pricing model. An amount of \$94,200 was charged to earnings as share-based compensation.

During the nine-month period ended September 30, 2019, 2,936,000 stock options were exercised. An amount of \$257,990 was received.

SHARE-BASED PAYMENTS (continued)

In March 2019, a total of 500,000 stock options were granted to some consultants, with exercise prices ranging from \$0.17 to \$0.235, expiring in March 2020. In September 2019, a total of 500,000 stock options were granted to a director and an officer, with an exercise price of \$0.22, expiring in September 2024.

Stock options outstanding as at September 30, 2019:

<u>Exercise price</u>	<u>Number</u>	<u>Expiration date</u>
0.17	300,000	March 2020
0.235	200,000	March 2020
0.10	400,000	April 2020
0.05	200,000	October 2020
0.055	400,000	January 2021
0.07	75,000	January 2021
0.06	150,000	April 2021
0.06	200,000	January 2022
0.12	700,000	March 2022
0.08	200,000	November 2022
0.08	200,000	May 2023
0.12	800,000	August 2023
0.22	500,000	September 2024

RELATED PARTY TRANSACTIONS

During the nine-month periods ended September 30, 2018 and 2019, the Company incurred the following transactions with some officers and companies owned by directors. These transactions occurred in the normal course of business and were measured at the exchange amount, which is the consideration established and agreed by the parties.

	<u>2019</u>	<u>2018</u>
	\$	\$
Administrative expenses :		
Salaries paid to officers	126,638	85,741
Management fees paid to officers	42,500	48,333
Consulting fees paid to a company owned by a director	28,540	-
Stock options granted to directors and officers	67,200	63,140
Rent paid to an officer	5,400	5,400
Other receivable:		
Companies controlled by a director	9,314	-

ACCOUNTING POLICIES

For a description of the Company's principal accounting policies, see Note 4 to the annual financial statements and Notes 4 and 6 to the interim financial statements as at September 30, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2019, the Company had no off-balance sheet arrangements.

COMMITMENTS

1- In February 2017, a 2% NSR royalty on some mining titles included in the Nelligan project was acquired from the original prospectors in return of the issuance of 1,200,000 common shares of the Company and two \$37,500 convertible debentures maturing in 2020. In April 2019, the debentures were converted into 340,908 common shares at a unit price of \$0.22.

2- A 1% royalty on net smelter return is payable to a third party in the event of commercial production on 21 cells of the Emile block of claims.

3- Following an original agreement signed on November 12th 2104, IAMGOLD had the option to acquire up to an 80% interest in the Nelligan project. On February 22nd, 2018, the original agreement was replaced by an Amending Agreement where Vanstar granted IAMGOLD an exclusive and irrevocable first option to acquire an undivided 51% interest in the Nelligan project by paying to Vanstar an additional amount of \$2,150,000 on the date of the Amending Agreement.

Following the exercise of the first option of the Amending Agreement, IAMGOLD holds an option to earn a further 24% undivided interest in exchange for cash payments totaling C\$2,750,000 to Vanstar and the delivery of an NI 43-101 compliant Resource Estimate Technical Report before March 2022. The \$2,750,000 sum will be paid out in 3 annual payments of \$400,000 and a final amount of \$1,550,000 on or before the 4th anniversary of the acquisition of the 51% interest. Upon the fulfillment of those conditions, Vanstar will cancel half of a 2% NSR royalty acquired in 2017 on selected claims of the project from the original prospectors and will then retain a 1% NSR as well as a 25 % interest on the Nelligan project.

Once vested to an undivided 75% interest, IAMGOLD will have a further option to acquire an additional interest of 5%, to hold an 80% interest in the Nelligan project by completing and delivering a Feasibility Study. Vanstar would then retain a 20% undivided non-contributory carried interest until the commencement of commercial production, after which: (1) the 20% undivided interest becomes participating; and (2) Vanstar will pay its attributable portion of the total development and construction costs to the commencement of commercial production from 80% of its share of any ongoing distributions from the Joint Venture. Vanstar will also retain a 1% NSR royalty on selected claims of the project.

4- The employment contract between the Chief executive officer and the Company contains an allowance clause in the event of employment termination without serious cause or a change in company's control. If one of these situations had occurred on September 30, 2019, the amount to be paid would have been \$250,000. The employment contract also contains a clause providing for an annual performance premium to be determined by the board of directors, of up to 50% of the salary.

The contract also provides for a \$150,000 payment to the Chief executive officer in the event of the reception by the Company of a 43-101 resource report on the Nelligan project confirming 150,000 ounces of gold. Moreover, in the event of a commercial production on the Nelligan project, the officer will be allowed to receive \$0.60 per ounce of gold produced.

FINANCIAL INSTRUMENTS

Accounting and derecognition

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs, if necessary.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Financial assets are classified into the following categories:

- amortized cost;
- fair value through profit or loss;
- fair value through other comprehensive income.

Investments in listed shares are categorised as fair value through profit or loss.

Classification and measurement of financial liabilities

The Corporation financial liabilities include trade and other payables. They are measured subsequently at amortized cost using the effective interest method.

Fair value:

The estimated fair value is established on the statement of financial position date, based on relevant market information and other reference on financial instruments.

The fair value of cash and cash equivalents, term deposit, other accounts receivable and accounts payable and accrued liabilities approximates fair value due to the short-term maturity.

RISKS AND UNCERTAINTIES

The Company is exposed to different risks which could materially affect its activities. The most significant financial risks to which the Company is exposed are described below.

The Company does not actively engage in the trading of financial instruments for speculative purposes.

Liquidity risk:

The Company's properties are at the exploration stage. It has no history of earnings or return on investment and, in the future, there is no assurance that it will generate income or operate profitably. Eventually, the Company will require additional funds to finance exploration or development work, continue its operations and meet its obligations. The sources of future funds are either the issuance of additional capital stock or the borrowing of funds. There is no assurance that such financing will be available to the Company.

As at September 30, 2019, the Company's cash-flow situation is sufficient to respect obligations associated with financial liabilities.

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 is exposed to credit risk arising from cash and cash equivalents and term deposit. The Company manages credit risk by investing cash and cash equivalent and term deposit with major Canadian financial institutions.

Interest rate risk:

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates.

Market price risk:

The Company is exposed to market risk with respect to metal prices. It is also exposed to fluctuations in market price with regard to its investments in public companies.

Risk related to government regulations:

The Company's activities must comply with a variety of legislation governing exploration and development, environmental protection and the overall approval of mining operations. The Company is of the opinion that it is in compliance with the material aspects of such legislation. Any changes in legislation could have an adverse effect on its activities.

Risk related to taxation:

There can be no assurance that Canadian or Quebec taxation authorities will agree that the Company's expenditures qualify as Canadian Exploration Expenses.

Risks related to mineral exploration:

Mineral exploration involves a high degree of risk. Few properties explored are put into production. Exploratory search for ore may require permits from various government authorities. There can be no assurance that the Company will obtain all the permits and licenses that may be required for exploration and development of its projects.

SUBSEQUENT EVENTS

- In October 2019, the Company received an amount of \$49,000 resulting from the exercise of 425,000 stock options by an officer and two consultants.
- In October 2019, the Company received an amount of \$15,000 resulting from the exercise of 150,000 warrants.

MANAGEMENT'S RESPONSIBILITY

As an emerging company, the Company's management is composed of a limited number of key people, creating a situation where the division of labor is limited and must be compensated by more effective supervision by the CEO and CFO. Management will continue to closely monitor all the Company's financial activities and will continue its oversight in key areas.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations in the certification of disclosure in the annual and interim filings.

The Company's management is responsible for the financial statements as of September 30, 2019, and other information in this report. They were approved by the Board of Directors. These financial statements include certain amounts based on the use of estimates and judgments. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

La Prairie, November 14, 2019

(S) GUY MORISSETTE

Guy Morissette
Chief executive officer

(S) MICHEL PERRON

Michel Perron
Chief financial officer