MONTERO MINING AND EXPLORATION LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2020

1.1 DATE & FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis ("MD&A") of Montero Mining and Exploration Ltd. ("Montero" or the "Company") has been prepared by management as of November 30, 2020 and should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended September 30, 2020 and the audited consolidated financial statements for the year ended December 31, 2019. The Company's Audit Committee have reviewed and approved this MD&A.

All amounts in the MD&A, financial statements and related notes are expressed in Canadian dollars unless otherwise noted.

All statements, other than of historical facts included herein, including without limitations, statements regarding potential mineralization, reserves and exploration results and future plans and objectives of the Company are forward looking statement and involve various risks and uncertainties, which are detailed in the Section "Risk Factors" of this MD&A. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

COVID -19 PANDEMIC

The COVID-19 pandemic has made international travel impossible where government imposed self-isolation, fluctuations in currencies and volatile financial markets pose significant challenges in planning, budgeting and carrying out meaningful exploration programs. Further uncertainties arise from the inability of the Company to gauge the duration of the pandemic. Montero anticipated that the pandemic would lead to a global slowdown in demand for battery metals and has taken advantage of the recent spike in precious metal prices, at a time when companies are divesting non-core assets. This has provided an opportunity to acquire the Isabella Gold Project via its network of contacts in Chile. At the same time Montero is reducing its battery metal focus.

1.2 OVERALL PERFORMANCE

Corporate Highlights

On October 29, 2020 Montero announced it intends to complete a non-brokered private placement of up to 14,000,000 Units at a price of $0.15 per Unit, each Unit consists of one common share and one half of one Common Share purchase warrant for gross proceeds of up to $2,100,000. Each whole warrant will entitle the holder to purchase one Common Share at a price of $0.25 per Common Share. Closing of the Offering is expected to occur on or about December 2, 2020.

On October 23, 2020 Montero appointed Jean Des Rivières to the Board of Directors. Jean des Rivières is a geologist by profession who worked for the past 23 years as VP Exploration for BHP heading their Global Greenfield Copper exploration program. Jean was for over 10 years based in Santiago, Chile.

On August 30, 2020 Montero completed a US$50,000 option payment on the Isabella East claims. Montero may earn an 85% interest in the Isabella East claims by making staged payments totalling US$400,000 by August 2022.

On August 5, 2020, Montero acquired a 100% interest in a private Chilean company ("ChileCo") which holds various mineral rights to exploration claims that make up the Isabella Gold Silver Project in Chile. ChileCo directly holds 100% of the mineral rights to 18 km^2 of mineral claims and has two subsidiaries with 49 km2 under option agreements. In Subsidiary 1 Montero holds an 85% interest in the Isabella West mineral claims while in Subsidiary 2 Montero is earning an 85% interest in Isabella East mineral claims. The mineral claims held by both subsidiaries are subject to joint venture and mining option agreements with local parties.

On June 5, 2020, Montero elected to change the Company focus to gold exploration in Latin America, relinquish its early stage battery metal projects in Africa and reduce its corporate structure. Montero will retain its Tanzanian corporation and defend its investment and rights to the Wigu Hill rare earth project in Tanzania where it has made a substantial investment.

On January 17, 2020, Montero delivered a Notice of Intent to Submit a Claim to Arbitration ("Notice of Intent") to the Attorney General of Tanzania in accordance with the 2013 Agreement for the Promotion and Reciprocal Protection of Investments in the Bilateral Investment Treaty ("BIT") between Canada and the United Republic of Tanzania. Montero's claim to Arbitration is seeking compensation from the Government of Tanzania for the illegal expropriation and loss of Montero's Wigu Hill rare earth element project located in Tanzania.

Operational Highlights

On October 20, 2020 Montero announced results from its verification sampling campaign at the Isabella Gold Project in the Southern Chile. Montero collected twenty-two (22) chip samples which returned select values up to 14.21 g/t Au and 164 g/t Ag. Montero was able to repeat similar assay results and confirm styles of mineralization as previously reported by Chilco.

On October 12, 2020 Montero commissioned Dr. Thomas A. Henricksen to complete a NI43-101 Technical report on the Isabella Gold Silver Project.

On September 30, 2020 Montero was awarded 49 exploration claims covering 13,200 hectares in the northern Atacama of Chile to cover a copper molybdenum exploration target.

Description of Business

Montero was incorporated on October 5, 2006 under the laws of British Columbia, Canada. The Company is a public company listed on the TSX Venture Exchange and trades under the symbol *MON.V*. The Company's registered address is 1040 West Georgia Street, Suite 1900, Vancouver, BC, V6E 4H3 and its head office address is Suite 1080 - 789 West Pender Street Vancouver, BC V6C 1H2: Phone: 416-840-9197 Web: www.monteromining.com.

The consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2020, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. 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 there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions give rise to substantial doubt about the Company's ability to continue as a going concern. When further funds are required, they will be financed through a private placement of common shares or by debt instruments.

Management has reduced operating costs including voluntary fee reductions from directors, reduced rent and administrative fees and decreased usage of administrative staff and consultants. Management has focused its exploration efforts on the projects it believes will provide the best value to shareholders. It continues its exploration work programs on projects to advance them, and seeks joint venture and other partners for other projects where no exploration is currently being conducted.

Management believes that controlling operating expenses, funding from potential funding partners, borrowings from directors and management, and further private placements will generate the required funding to maintain operations. Although management is committed and expects to raise additional funding, the timing and the nature of the financing is uncertain and there can be no assurances that this will occur. Further details on financing alternatives available to the Company are more fully discussed in 1.6/1.7

The Company is engaged in the identification, evaluation, acquisition, exploration and development of quality mineral properties. The Company has not yet determined whether its exploration assets contain sufficient mineral reserves, such that their recovery would be economically viable.

As at June 5, 2020 the Company decided due to the continued decline in battery metal prices and exacerbated by the COVID-19 pandemic with its effect on global economics, to change its focus to gold exploration in Chile. The Company believes its best course of action given the global shut down is to divest of its battery metal projects, reduce its corporate structure while retaining its Tanzanian corporation to defend its investment and rights to the Wigu Hill rare earth project where it has made a substantial investment.

The key performance driver for Montero is to develop mineral deposits to create wealth for shareholders by joint venture or outright sale. This will be achieved through acquiring and exploring properties which host the highest potential for future discoveries or development of existing mineral resources into mineable reserves. Management works to rationalize all of its significant core holdings to maintain percentage ownership, while working with others to share the risk of development of these properties. Management acquires its exploration assets through the issuance of common shares where possible to preserve the Company's cash reserves.

Management has the necessary skills required to achieve success, both in the technical and financial area with experienced exploration and consulting geologists and those with entrepreneurial and financial experience. Shareholders are represented by a strong management and independent Board of Directors, experienced in financing, exploration, development and mining.

The Company has access to consulting geologists, metallurgical/chemical and mining engineers and corporate finance and legal counsel with commodity and country expertise in the countries where current interests are held. Consultants are retained through variable or fixed term consulting contracts.

New Chilean Focus

100% Purchase of Chilco

On August 5, 2020, the Company signed a Binding Purchase and Sale Agreement to acquire a 100 % interest in a private Chilean company ("ChileCo") which holds various mineral rights to exploration claims that make up the Isabella Gold Silver Project in Chile. Isabella's exploration claims cover an area of 67 km^2.

ChileCo directly holds 100% of the mineral rights to 18 km^2 of mineral claims and has two subsidiaries with 49 km^2 under option agreements. In Subsidiary 1 ChileCo holds an 85% interest in the Isabella West mineral claims. In Subsidiary 2 Montero is earning an 85% interest in the Isabella East mineral claims.

Under the terms of the Agreement, Montero acquired a 100% interest in ChileCo which holds all the mineral interests to the Isabella Gold Silver Project. ChileCo was purchased for a nominal amount and by taking over the earn-in obligations of cash payments totaling US$450,000 to be made by August 2022. On August 30, 2020 Montero completed a US$50,000 option payment on the Isabella East claims whereby Montero may earn an 85% interest in the Isabella East claims by making additional staged payments totalling US$400,000.

Isabella Gold Silver Project

The Isabella Gold Silver Project is located in the Southern Coastal Range of Chile approximately 200 km south of Santiago and has excellent year-round access. The Coastal Range contains numerous gold and copper occurrences hosted within a package of intermediate intrusives, sediments and volcanics of Mesozoic age.

Isabella is south of Yamana's Minera Florida gold mine and north of an extensive regional gold area being explored by Fresnillo. The Isabella region has seen little modern exploration and most occurrences remain undrilled.

Isabella hosts numerous structurally controlled quartz veins that have been mapped over an area of approximately 12 km long and 4 km wide. A review of field reports on mapping and sampling prepared by the previous owner indicate high gold – silver concentrations within quartz veins with values of up to 48 g/t gold and 629 g/t silver. The veins form part of an extensive regional polymetallic Au-Ag vein and breccia system occurring in dilational fractures in the granite and along contacts with older sediments. Prior exploration at Isabella by the previous operator includes surface mapping, rock sampling, trenching, and airborne magnetics. No drilling in the Isabella district has been carried out to date.

Isabella Gold – Silver Vein Targets

A total of four target areas have been identified and are slated for drilling using a track-mounted diamond drill A 2,600m drill program is planned to test the vein targets. Initial drilling will test one mineralized quartz vein array within the Isabella West property (Target A) and three vein arrays within the Isabella East property (Targets B, C, and D).

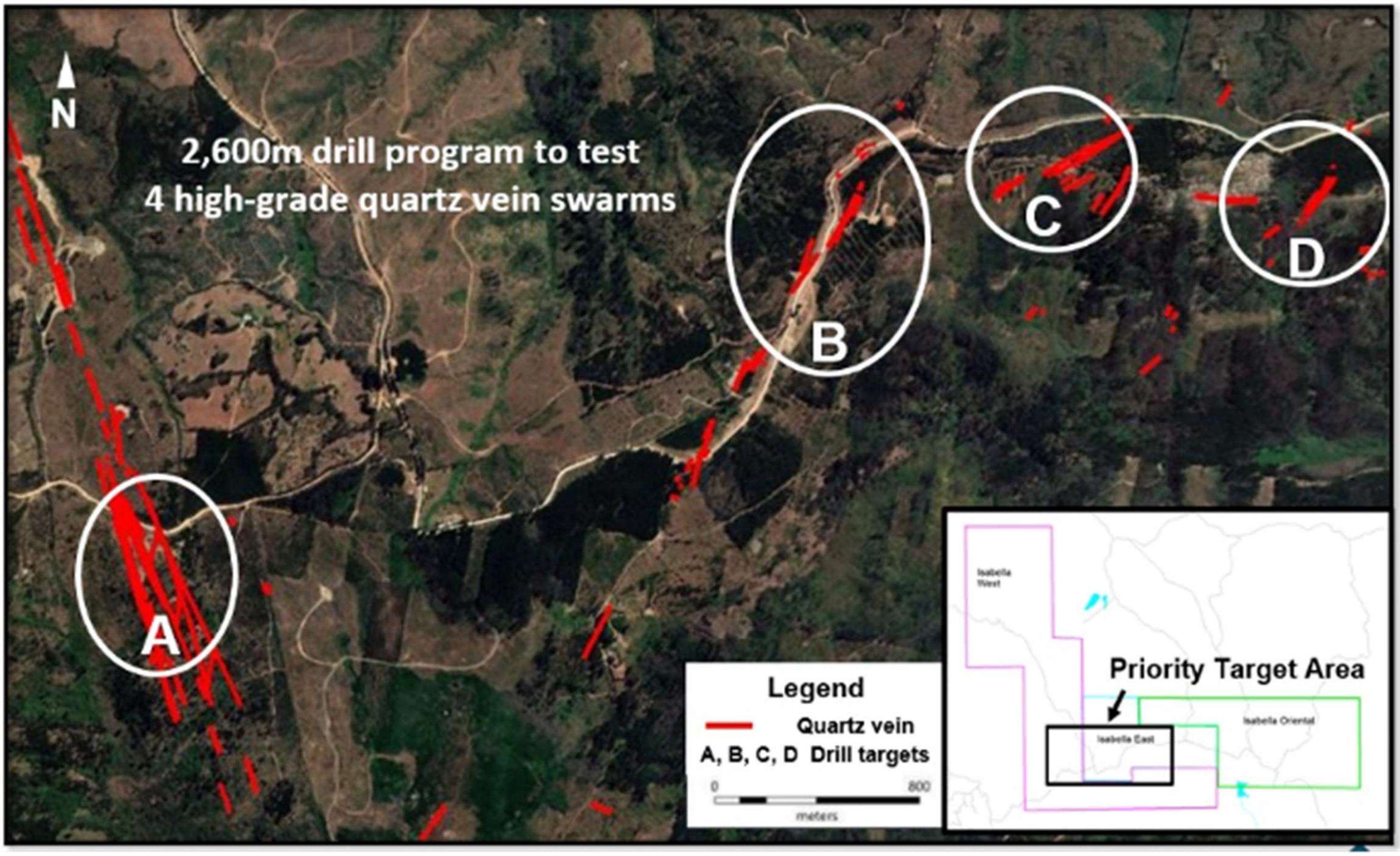

Figure 1; Location of Priority Drill Target Areas

Drill Target A (Isabella West): Multiple high grade Au-Ag quartz veins have been defined within a 75m wide zone of altered granite extending 600m along strike. Surface samples of vein material returned assays up to: 8.53 g/t Au, 11.2 g/t Ag and 7.56 g/t Au, 16.8 g/t Ag. Trenches completed over 300m strike length of the vein array returned: 6.92 g/t Au over 1m, 2.88 g/t over 2m, and 1.42 g/t Au over 12m (incl. 3.53 g/t Au over 3m). The vein array is contained within a broader zone of anomalous Pb defined as >100 ppm which is characteristic of the high-grade Au veins in the area.

Drill Target B (Isabella East): Multiple high-grade quartz veins identified over a zone 100m wide x 250m in length. Surface samples of vein material returned assays up to: 26.76 g/t Au, 31.8 g/t Ag. Several veins have been mapped over a distance of 250m. An assay of 21 g/t Au, 70 g/t Ag was also obtained from a 1.5m wide vein exposed in an exploration adit completed by the property owner. Trench sampling returned 6.5 g/t Au over 5m, incl. 21.85 g/t Au over 1m.

Drill Target C (Isabella East): Multiple high-grade quartz veins over 200m wide zone. Surface assays up to 48 g/t Au and 362 g/t Ag were returned from vein material sampled along 250m strike length.

Drill Target D (Isabella East): Multiple high-grade quartz veins defined over area 50m wide and 150m in length. Surface samples of vein material returned assays up to 12.55 g/t Au, 629 g/t Ag. Trench sampling returned 2.72 g/t Au, 204 g/t Ag over 1m.

Isabella Sediment Hosted Polymetallic Target Identified

Processing of data from the 101 line kilometer, drone-supported aerial magnetic survey completed by the previous owner has identified an extensive area of high magnetics within sediments proximal to the granitic contact. Montero contracted John Coggan of Mines Geophysical Services to reinterpret the magnetic data and magnetic high anomaly at depth. Previous mapping over this area has identified discrete zones of Fe-oxide breccia boulders (gossan) which have returned assays up to 800 ppm Zn and 400 ppm Cu. Montero considers such concentrations in gossan boulders to be anomalous and the Company will further evaluate the area for potential sedimentary polymetallic geophysical target by drilling. A 240m drill hole is planned to test the newly identified magnetic target.

All assay results above were collected by the prior operators of Chilco.

On September 15, 2020 Montero initiated a confirmation exploration designed to confirm previous assay values obtained from the prior operators of Chilco and better define the extent of the gold silver vein structures and investigate a geophysical target in the sediments

On October 20, 2020 Montero announced results from its verification sampling campaign at the Isabella Gold Project in the Southern Chile. Montero was able to repeat similar assay results and confirm styles of mineralization as previously reported by Chilco. The program consisted of chip sampling of selected exposed quartz veins previously sampled by Chileco. Based on a positive review of the Montero and previous sample assay results and field observations, Montero intends to complete an initial drill program on the 4 high grade Au-Ag priority vein targets in Figure 1 above.

Montero Verification Sample Program

Montero's in country QP Marcial Vergara collected twenty-two (22) chip samples across selected quartz veins from the 4 priority target areas and submitted them for assay to Andes Analytical Assay Ltda. in Santiago. Table 1A lists Montero's results and Table 1B lists ChileCo results from the same target areas. Montero sampling confirms the results obtained from ChileCo's prior sampling.

On October 12, 2020 Montero commissioned Dr. Thomas A. Henricksen to complete a NI43-101 Technical report on the Isabella Gold Silver Project.

Table 1A: Montero Samples

TARGET AREA	SAMPLE NUMBER	Au g/t	Ag g/t
TARGET A	506368	0.25	<1
	506369	**1.55**	2
	506370	**7.46**	14
	506371	0.51	<1
	506372	0.95	<1
	506373	**5.33**	9
	506374	0.95	<1
	506375	0.07	<1
TARGET B	506354	**13.28**	31
	506355	0.28	<1
	506356	0.06	<1
TARGET C	506357	0.05	18
	506358	0.04	<1
	506359	0.24	6
	506360	**1.07**	3
	506361	**11.08**	**196**
TARGET D	506362	0.11	3
	506363	**4.11**	**156**
	506364	**14.21**	**164**
	506365	**7.25**	31
	506366	**1.08**	34
	506367	0.68	7

Table 1B: ChileCo Samples

TARGET AREA	SAMPLE NUMBER	Au g/t	Ag g/t
TARGET A	315502	0.47	2
	315505	0.35	0
	315506	**1.87**	3
	315508	0.09	0
	315663	1.49	3
	315664	1.54	4
	315665	**8.53**	11
	315666	**7.56**	17
	315667	**2.33**	3
TARGET B	313802	**8.08**	7
	313803	**1.21**	11
	313804	**1.60**	8
	313805	**16.10**	34
	313810	0.02	1
	313812	0.07	1
	313979	**23.22**	39
	313980	**24.40**	**88**
	313998	**5.55**	10
	314047	**1.73**	2
	315697	0.26	5
TARGET C	313807	**3.79**	45
	313808	**12.5**	**106**
	313809	0.4	15
	313978	**2.90**	**263**
	313988	**4.99**	4
	315676	**38.32**	**110**
	315677	**48.69**	**83**
	315686	0.24	**69**
	315687	**3.67**	**262**
	315688	**1.35**	**202**
	320790	0.02	1
TARGET D	313976	**4.37**	**121**
	313977	**12.55**	**629**
	313986	**9.95**	**50**
	313987	**5.40**	**213**
	313988	**4.99**	4
	313989	**6.27**	28
	313990	0.51	23
	313996	0.01	1
	313997	0.05	3
	315683	**7.58**	**66**
	315684	0.82	12

Avispa Copper Molybdenum Claims:

In October 2019 the Company made an application for exploration claims in an area in the northern Atacama to explore for copper and molybdenum. In October 4th 2020 the Company was awarded 49 exploration claims covering an area of 13,200 hectares. During the period from application to award the Company spent $ 73,767.49 on application fees.

During the year ended December 31, 2018, Montero spent $91,781 on evaluation exploration programs in Chile and during the year ending December 31, 2019 the Company incurred a further $46,583 on exploration.

Tanzania

WIGU HILL INTELLECTUAL PROPERTY SALE AND DISPUTE

Wigu Hill is a rare earth deposit that was discovered and developed by Montero. The deposit is located 170 km south west of Dar es Salaam.

From May 26th , 2008 to April 27th , 2010 Montero Tanzania completed an earn-in on the Wigu Hill rare earth Project whereby the tenements were transferred to a newly formed company Wigu Hill Mining Company Limited ("WHMC"). In 2015, Montero was awarded a Retention Licence over the Wigu Hill Deposit for a period of 5 years. Retention Licences were granted to previous holders of a Prospecting Licence after a mineral deposit was defined within the prospecting area which could not immediately be developed due to technical constraints, adverse market conditions or other economic factors.

In July 2017 the Government of Tanzania announced wide-ranging and severe amendments to the Mining Act 2010, which, inter alia, abolished the legislative basis for the Retention License classification with no replacement classification. On January 10th 2018 the Government of Tanzania cancelled all Retention Licenses issued prior to January 10th 2018 at which point they ceased to have any legal effect.

On August 8th, 2018 the Company signed a Letter of Intent ("LOI") to sell the holding company that holds 100 % of the Intellectual Property ("IP") relating to the Wigu Hill Project to Transocean Group ("Transocean") and Cheetah Resources Pty Ltd. ("Cheetah"). Upon signing, the Company received a non-refundable fee of $100,000. Cheetah agreed to fund a $500,000 development program over six months to complete a legal and technical due diligence of the IP once a Mining License had been awarded. In the event that Cheetah was to acquire all the Company's equity interest and thereby the IP for $1.1 million in the Wigu Hill Project after which Cheetah will grant and register a 1 % net smelter return royalty payable to the Company on any production from the IP and future licenses awarded at Wigu Hill. Until such time as the Mining Rights have been granted, the third party has agreed to pay overhead costs of US $7,000 per month. These overhead cost fees have not been received since October 2019. At September 30, 2020 a total of US$ 84,000 in overhead fees were due to Montero.

On June 26th, 2019 an amendment letter to change the terms of the August 8th, 2018 agreement LOI was signed between Montero and Cheetah. This amendment letter included the following: an assignment of all of Transocean rights to Cheetah; Montero's Holding company to include any other subsidiary Tanzania companies set up by Montero; a payment or Deposit of $100,000 to be made by Cheetah to Montero which shall be classified as a loan if the Mining License is not awarded and the agreement is terminated by Cheetah.

On the December 19th , 2019, the Mining Commission of Tanzania announced a public invitation to tender for the joint development of areas previously covered by Retention Licenses, including the Wigu Hill

Retention License area. An amended tender document was advertised on December 20th, 2019 with changes to the previous tender terms.

On January 17th, 2019, the Company delivered a "Notice of Intent" to Submit a Claim to Arbitration to the Attorney General of Tanzania in accordance with the 2013 Agreement for the Promotion and Reciprocal Protection of Investments in the Bilateral Investment Treaty ("BIT") between Canada and the United Republic of Tanzania. This was necessary in order to preserve the Company's rights to initiate arbitration should a resolution with the Tanzanian government not be reached on compensation for the expropriation of the property. Montero has thereby formally notified the Tanzanian government that there exists an investment dispute between Montero and Tanzania.

The action of the Tanzanian government revoking the Wigu Hill Retention License and the removal of the rights to the minerals and land conferred thereunder has rendered the Wigu Hill Project valueless. Thus, as a direct consequence of the legislative, regulatory and other measures by the Tanzanian government, the Company has lost completely its investment. Montero has written off the value of the Wigu Hill rare earth deposit as a result of the Tanzanian government cancelling the Retention License and transferring the rights there under to the government. The Company has filed the "Notice of Intent" to protect its substantial investment of in the ground cost and substantial value created in the Company's development of the Wigu Hill deposit.

The "Notice of Intent" is a necessary step before the Company initiates international arbitration under the Bilateral Investment Treaty ("BIT"), signed between Canada and Tanzania in 2013, should a resolution with the Tanzanian government not be reached. The filing of the "Notice of Intent" initiates a 180-day consultation period between the Company and Tanzania during which time they are to attempt to settle the dispute amicably. If no amicable settlement is reached in this 180-day period, the Company may then initiate international arbitration proceedings against Tanzania in accordance with the BIT.

Montero confirms that it is taking all necessary actions to preserve its rights and protect its investments in Tanzania. The Company's desire is for both parties to reach a mutually acceptable outcome, however, the Company can confirm that this has not been achieved before the expiry of the 180-day consultation period in July 17th 2020. The Company therefore has no alternative but to pursue its claims before an international tribunal and seek full compensation for damages the Company has suffered as a result of Tanzania's acts and omissions. To date there have been no resolution to the Company's request for settlement.

Montero has engaged international legal counsel and litigation funders to assist with the Arbitration that will be initiated under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States process, under the auspices of the World Bank's International Centre for Settlement of Investment Disputes (ICSID), to which Tanzania is a signatory

Montero can provide no assurance that the Tanzanian government will favour Montero's claims to the defined Wigu Hill Project resource areas and cautions that other companies and individuals have submitted applications and bids for licenses over Montero's previously held resource areas.

Namibia

Soris Lithium Project

On October 10th, 2017, the Company entered into a Letter of Intent ("LOI") with Frovio Investment ("Frovio") to acquire an 80 % interest in a newly formed company that will hold the 8 mining claims that make up the Soris Lithium Project (the "Soris "). Montero was granted an 80 % interest in private Namibian company by committing to spending $1 million on the Project over a three-year period. Due to Frovio's inability to obtain a drill permit and the weak lithium market an impairment charge of $224,229 was recorded.

<u>UIS Lithium Tin Tailings Project</u>

On March 5, 2018, the Company entered into a binding Heads of Agreement ("HOA") with Namib Base Minerals CC ("NBM") and Namibia Silica CC ("NBS"), (collectively the "Owners") to acquire a 95% interest in the UIS Lithium Tin Tailings Project. The Company was unable to complete the earn-in payment due to poor market conditions for lithium. The Company capitalized costs of $169,662 on the UIS Lithium Tin Tailings Project. As the agreement is currently in default, the Company has impaired the carrying value of this project.

South Africa

<u>Phosco Project</u>

The licenses comprising the Phosco project expired in February 2019 and management has re-applied for only the mining rights to the Duyker Elland project area. The Phillips Krall area was not re-applied by the Company.

The Company recorded an impairment charge for the year end December 31, 2018 for Phosco totaling $1,362,197 which included $9,393 in reclamation bonds. During the year ended December 31, 2019, the Company incurred costs of $6,648 on the Phosco project which were expensed as project investigation costs.

Risk Factors

Through its operations, the Company is exposed to various business risks outlined below. Additional risks and uncertainties, including those that we are not aware of now or that we currently deem immaterial, may also adversely affect our business.

Montero has not been profitable since inception and it may continue to incur substantial losses.

- The Company operates in the highly speculative business of mining exploration and development and is currently in the exploration stage. The Company has not yet determined whether their properties contain enough mineral reserves, such that their recovery would be economically viable.
- The Company is exploring for mineral resources and these commodities are subject to pricing and other risks.
- The Company may not be able to secure adequate financing to support the expenditures required to sustain the Company until profitable operations are achieved.
- The Company operates in foreign jurisdictions and although professional advice is obtained to ensure the Company meets all the local requirements, there may be deficiencies in some areas.
- The Company is subject to foreign government's policies and regulations and seeks local advice to assess and comply with local requirements.
- The Company faces currency risks in its operations.
- The Company has limited personnel with various degrees of knowledge concerning their area of expertise and there may be instances where segregation of duties does not exist and reliance must be placed on outside advisors to assist with complex areas.
- The COVID-19 pandemic has initiated travel bans and a global economic crisis whereby the Company is restricted in its ability to finance, operate and plan exploration.

The Company undertakes its best efforts to mitigate the above risks using the resources at its disposal, but believes that uncertainties and risks do exist in its business operations. Further discussions on risks associated with the Company's operations are elaborated below. Readers should review and consider the financial, operational, permitting and environmental risk factors faced by the Company, which are common to junior exploration companies.

Industry and Economic Factors affecting the Company

The Company's future performance is largely tied to the financial markets related to junior exploration companies, which is often cyclical and is currently very unfavorable. The Company continuously monitors several economic factors including the uncertainty regarding precious & base metal, rare earth element and phosphate prices and the availability of equity financing for the purposes of mineral exploration and development. The Company's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Financial markets relating to commodities are likely to continue to be volatile reflecting ongoing concerns about the global economy and potential sovereign defaults throughout the world. Globally companies have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders.

With continued market volatility expected, the Company's current strategy is to continue to conduct limited exploration work on its properties where required and keep these in good standing until access to capital for junior mining companies becomes more available and to seek out other prospective business opportunities including entering into option arrangements and/or joint ventures. The Company believes this focused strategy will enable it to maintain momentum on key initiatives. These trends may limit the Company's ability to develop and/or further explore its Tanzanian properties, and/or other property interests that could be acquired in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in short-term operating and longer-term strategic decisions.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits is a speculative venture involving a high degree of risk. Even a combination of careful evaluation, experience and knowledge may not eliminate such risks. While the discovery of a commercially viable ore body may result in substantial rewards, few mineral properties, which are explored, are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides, and the inability of the Company to obtain suitable machinery, equipment or labour are all risks involved with the conduct of exploration programs and the operation of mines. Substantial expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing may be required.

It is impossible to ensure that the exploration or development programs planned by Montero will result in a profitable commercial mining operation. The decision as to whether a particular property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: (i) the particular attributes of the deposit, such as size, grade, metallurgical characteristics, and proximity to infrastructure; (ii) metal prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, permitting, importing and exporting of minerals and environmental protection; (iv) ongoing costs of production; (v) availability and cost of additional funding; and (vi) local community and landowner opposition to access mineral rights. The exact effect of these factors cannot be accurately predicted, but one or any combination of these factors may result in Montero not receiving an adequate return on invested capital.

Additional Capital

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of Montero. The development and exploration of the Company's properties will require substantial additional financing. Such financing can also be sourced by allowing investment groups to obtain equity at the asset level of properties of interest rather than via subscription into the listed Company. Failure to obtain financing may result in delaying or indefinite postponement of exploration, development or production on any or all of Montero's properties or a loss of a property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional financing is raised by Montero through the issuance of securities from treasury, control of Montero may change and security holders may suffer additional dilution.

Environmental Risks and Hazards

All phases of Montero's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which Montero holds interests which are unknown to Montero at present and which have been caused by previous or existing owners or operators of the properties or by current or previous surface rights owners. Government approvals and permits have been submitted as required and future approvals will be required in connection with Montero's operations. To the extent such approvals are required and not obtained, Montero may be curtailed or prohibited from continuing its mining operations or from proceeding with the planned exploration or development of the mineral properties in which it has an interest. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of exploration properties may be required to compensate those suffering loss or damage by reason of such parties' activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on Montero and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new exploration properties.

Permitting

Montero's current and future operations will require approvals and permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such approvals and permits for the existing operations or additional approvals or permits for any possible future changes to operations. Prior to any development on any of its properties, Montero must receive permits from appropriate governmental authorities. There can be no assurance that Montero will obtain or continue to hold all permits necessary to develop or continue operating at any particular property.

Title to Exploration, Mining and Retention Licenses and claims

The validity of exploration, mining and Retention licenses and claims generally can be contested, and although Montero has taken steps to acquire the necessary title to its licenses, some risk exists that title to such licenses may be defective. In order to maintain these licenses, Montero must incur certain minimum exploration expenditures annually or risk forfeiture of the licenses and claims any such expenditure made to such time. As a result of the enactment of certain legislation by the Tanzanian government, all existing mineral Retention Licenses, including those related to the Wigu Hill Project, have been revoked.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to insure such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of Montero. The Company is not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. Montero periodically evaluates the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if

Montero becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds available to Montero to pay such liabilities and result in bankruptcy. Should Montero be unable to fund fully the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

Infrastructure

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, and government or other interference in the maintenance or provision of such infrastructure could adversely affect Montero's operations, financial condition and results of operations.

Market Factors and Volatility of Commodity Prices

The marketability of mineralized material, which may be acquired or discovered by Montero, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations in the prices of minerals sought, which are highly volatile, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, permitting, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but these factors may result in Montero not receiving an adequate return on invested capital. Prices of certain minerals have fluctuated, particularly in recent years, and are affected by numerous factors beyond the control of Montero. Future mineral prices cannot be accurately predicted. A severe decline in the price of a mineral being produced or expected to be produced by Montero would have a material adverse effect on Montero and could result in the suspension of exploration or development of mining operations by Montero.

Competition

The resource and mining exploration industry is intensely competitive in all of its phases. As a result of this competition, some of which is with large, established mining companies with substantial capabilities and greater financial and technical resources than Montero, the Company may be unable to acquire additional mineral properties on terms it considers acceptable or continue to explore and develop its existing properties.

Exchange Rate Fluctuations

Exchange rate fluctuations may adversely affect Montero's financial position and results. The Company does not currently hedge or otherwise mitigate its foreign currency risks.

Foreign Operations

The Company's property interests are located Chile and are subject to the respective jurisdiction's laws and regulations. The Company is always assessing current developments in policies and regulations and investors should assess the political risks of investing in a foreign country. Variations from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Company.

Key Executives

Montero is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. Montero does not currently carry any key man life insurance on any of its executives.

Conflicts of Interest

Certain of the directors and officers of Montero also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving Montero will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders.

The consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2020, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. 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 there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions give rise to substantial doubt about the Company's ability to continue as a going concern. When further funds are required, they will be financed through a private placement of common shares or by debt instruments.

Management has reduced operating costs including voluntary fee reductions from directors, reduced rent and administrative fees and decreased usage of administrative staff and consultants. Management has focused its exploration efforts on the projects it believes will provide the best value to shareholders. It continues its exploration work programs on projects to advance them, and seeks joint venture and other partners for other projects where no exploration is currently being conducted.

Management believes that controlling operating expenses, funding from potential funding partners, borrowings from directors and management, and further private placements will generate the required funding to maintain operations. Although management is committed and expects to raise additional funding, the timing and the nature of the financing is uncertain and there can be no assurances that this will occur. Further details on financing alternatives available to the Company are more fully discussed in 1.6/1.7

LIQUIDITY AND CAPITAL RESOURCES.

Company Objectives and the Year Ahead

The Company's corporate objectives are to create value by focusing the expertise of its management and board of directors on exploring, discovery and development of metals and minerals projects. The company will endeavour to create value from its properties in Chile through exploration and agreements with other partners to advance the projects, or outright sale.

The Company has elected to change its focus away from battery metals due to a contraction of the global economy and the potential for a deep recession due to the corona virus where diminished demand for battery metals may further depress prices. Montero is aggressively reducing its portfolio of battery metals projects as it is difficult to justify exploration. Management has a deep expertise in defining precious metals deposits and the Company has secured a gold asset in Chile in order to add value for shareholders. A gold in Chile focus is underway and the company is reducing the existing portfolio of battery metal assets.

1.3 SELECTED ANNUAL INFORMATION

	Year ended December 31		
	2019	**2018**	**2017**
Expenses			
Consulting, directors', administrative and management fees	$ 283,428	$ 273,231	$ 215,439
Depreciation	1,058	3,764	9,564
General and administrative	46,900	28,127	-
Impairment of exploration and evaluation assets	375,091	2,582,995	-
Professional fees	58,311	78,352	34,508
Project investigation costs	53,231	100,236	81,062
Shareholder and regulatory	45,247	90,855	41,215
Stock-based compensation	-	421,447	-
Other operating costs	50,052	63,598	58,732
Finance costs	-	-	-
Interest income and other	(255,761)	26,484	(1,582)
Net (loss)	**(657,557)**	**(3,669,089)**	**(438,938)**
Basic and diluted (loss) per share	**$ (0.01)**	**$ (0.18)**	**$ (0.03)**
Exploration and evaluation assets	-	403,781	2,498,177
Total assets	83,056	467,889	2,754,457
Total liabilities	549,288	282,349	197,371
Shareholders' equity (deficit)	(466,232)	185,540	2,557,086

1.4 RESULTS OF Q3 2020 OPERATIONS

During the nine months ended September 30, 2020, the Company did not expand on exploration work on its exploration and evaluation assets in Namibia and the Company spent $140,444 on license and claims in Chile. The total cash expenditures on exploration and evaluation assets for the period ending September 30, 2020 was $140,444 compared to $37,602 during the period ending September 30, 2019 and $10,124 was spent on project investigation costs.

The Company's operating expenses in the current period were lower compared to the prior comparative period. Significant changes in the Company's expenses are outlined below.

Consulting, directors', administrative and management fees decreased from $214,492 for the nine months ended September 30, 2019 to $197,336 for the nine months ended September 30, 2020 due to less administrative fees charged.

Professional fees increased from $42,471 for the nine months ended September 30, 2019 to $71,648 for the nine months ended September 30, 2020 due to legal costs on the Tanzania situation.

Regulatory fees were lower due to fewer transactions.

Recovery on impaired exploration and evaluation assets decreased from $226,973 for the nine months ended September 30, 2019 to $32,295 due to the delay in payments.

Other expenses decreased from $32,323 for the nine month period ended September 30, 2019 to $5,344 for the nine month period ended September 30, 2020 as a result of less traveling.

The Company signed debt settlement agreements on June 30, 2020 with related parties to write off its payables by total amount $256,956.

The Company has reported an interest expense amount of $2,872 as a result of interest calculated on promissory notes.

The Company's net loss for the nine month period ended September 30, 2020 was $32,760 ($0.00 per share), compared with a net loss of $123,986 ($0.01 per share) for the nine month period ended September 30, 2019.

At September 30, 2020, the Company had cash and cash equivalents on hand of $44,904 compared to $10,979 on hand at December 31, 2019. The Company will require further funds in the future for general working capital and to fund its exploration programs since it currently has no revenue sources.

Commitments and Contingencies

The Company has no operating lease commitments. The Company has capital commitments relating to its exploration and evaluation assets as outlined in 1.2 OVERALL PERFORMANCE, *Our Exploration Results for the Year* and the consolidated financial statements for the year ended December 31, 2019 (Note 8).

The Company has no contingent liabilities.

Segmented Information

The Company has one business segment being the exploration and evaluation of mineral resources. The Company is organized by geographic area and as such, its reportable operating segments are located in Namibia and Chile.

As at September 30, 2020

	Chile	**Namibia**	**Total**
	$	**$**	**$**
Plant and equipment	607	888	1,495
Exploration and evaluation assets	140,444	-	140,444
Total non-current assets	**141,051**	**888**	**141,939**

As at December 31, 2019			
	Chile	**Namibia**	**Total**
	$	**$**	**$**
Plant and equipment	817	1,286	2,103
Total non-current assets	**817**	**1,286**	**2,103**

1.5 SUMMARY OF QUARTERLY RESULTS

		2020		**2019**
	Q3	**Q2**	**Q1**	**Q4**
Consulting, directors', administrative and management fees	76,709	79,946	86,544	50,326
Impairment of exploration and evaluation Assets	-	-	(32,295)	602,064
Professional fees	50,096	7,350	14,202	15,840
Other expenses	407	2,148	2,789	117,023
Writing-off payables	-	(256,956)	-	-
Interest income(expense) and other	634	1,233	(46)	(251,681)
Net income/(loss)	**127,845**	**166,279**	**(71,194)**	**(533,572)**
Basic and diluted earnings (loss) per share	**0.02**	**0.01**	**(0.01)**	**(0.03)**
Exploration and evaluation assets	140,444	58,282	30,102	-
Total assets	325,875	130,665	130,665	83,056
Total liabilities	794,132	671,690	671,690	549,288
Shareholders' equity (deficit)	(468,257)	(541,025)	(541,025)	(466,232)

		2019		**2019**
	Q3	**Q2**	**Q1**	**Q4**
			$	**$**
Consulting, directors', administrative and management fees	71,874	71,929	89,299	61,997
Impairment of exploration and evaluation Assets	(152,890)	(74,083)	-	2,582,995
Professional fees	6,155	24,722	11,594	13,863
Other expenses	27,003	36,989	9,883	45,001
Writing-off payables	-	-	-	-
Interest income and other	116	1,144	250	(5,144)
Net income/(loss)	**47,742**	**(60,701)**	**(111,026)**	**(2,698,712)**
Basic and diluted (loss) per share	**0.00**	**(0.01)**	**(0.01)**	**(0.12)**
Exploration and evaluation assets	441,383	404,914	377,256	403,781
Total assets	559,928	495,267	453,969	467,889
Total liabilities	494,327	512,053	412,782	282,349
Shareholders' equity (deficit)	65,601	(16,786)	41,187	185,540

Note: Income (Loss) per share amounts disclosed above on a quarterly basis may not necessarily equal the cumulative amounts disclosed in the Company's annual financial statements, due to the timing of changes in the weighted average number of shares throughout the year versus the weighted average number of shares throughout the quarter.

Expenses fluctuate throughout the quarters due to company activity and the timing of work performed. An impairment charge was recorded in Q4 of 2019. Other expenses are higher from Q4 2019 due to due more traveling done during the year 2019. There is net income in Q2 2020 since payables of $256,956 were written off as per the signed agreement between the Company and the related parties.

1.6/1.7 LIQUIDITY AND CAPITAL RESOURCES

The Company held cash and cash equivalents of $44,904 as at September 30, 2020 compared to $10,979 as at December 31, 2019.

The Company used cash of $142,506 in its operations for the nine month period ended September 30, 2020 compared to cash added of $53,095 in its operations for the nine month period ended September 30, 2019. The Company used cash of $140,444 in its investing activities for the nine months ended September 30, 2020, compared to using cash of $37,602 in its investing activities for the nine month period ended September 30, 2019. The Company generated $316,875 cash from its financing activities for the nine month period ended September 30, 2020 and nil in 2019. No changes in share capital took place for the nine month period ended September 30, 2020.

The Company has no operating lease commitments. The Company has capital commitments relating to its exploration and evaluation assets as outlined in 1.2 OVERALL PERFORMANCE, *Our Exploration Results for the Year* and the audited consolidated financial statements for the year ended December 31, 2019(Note 4).

The Company is dependent upon its ability to raise additional funds to support its operations and it does require additional financing since it is an exploration stage company with no current sources of revenue. Funding options available to the Company are outlined below.

Montero is a publicly traded corporation listed on the TSX Venture Exchange and plans to utilize the public market to raise the additional funds it requires, either through brokered or non-brokered private placements. The Company issues shares where possible for mineral property acquisitions as well as for debt settlements when practicable. In addition, the Company negotiates favourable funding terms for its mineral property payments where possible and amends the agreements, if required, to coincide with the Company's cash funds available. Montero works with its other exploration partners in exploring for its mineral properties to share the costs and risks in exploring them. The Company has also obtained loan financing from related parties when required.

Management has reduced operating costs including voluntary fee reductions from directors, reduced rent and administrative fees and decreased usage of administrative staff and consultants. Management has focused its exploration efforts on the projects it believes will provide the best value to shareholders. It continues its exploration work programs on projects to advance them and seeks joint venture and other partners for other projects where no exploration is currently being conducted.

Management believes that reduction in operating expenses, funding from potential funding partners, borrowings from directors and management, and further private placements will generate the required funding to maintain operations. Although management is committed and expects to raise additional funding, the timing and the nature of the financing is uncertain and there can be no assurances that this will occur.

The Company grants stock options to promote the profitability and growth of the Company by facilitating the efforts to attract and retain its directors, officers and consultants. As of September 30, 2020 there were

1,752,000 stock options outstanding at a weighted average exercise price of $0.25 per share, which expire on May 14, 2023. In addition, there are 3,440,849 warrants outstanding at an exercise price of $0.32, expired October 27, 2020.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

Montero does not utilize off-balance sheet arrangements.

1.9 TRANSACTIONS WITH RELATED PARTIES

Key management personnel compensation

	Nine months ended September 30	
	2020	**2019**
	$	**$**
Compensation of key management personnel	97,243	99,627
	97,243	99,627

Related party transactions

The Company incurred the following transactions with management, directors, officers or companies which have directors in common, or in which the directors have significant influence and interests.

	Nine months ended September 30	
	2020	**2019**
	$	**$**
Operating expense transactions		
Consulting, directors', administrative and management fees	77,621	66,388
General and administrative	4,687	5,607
Total trading transactions with related parties	**82,308**	**71,995**

Related party balances

	September 30, 2020	December 31, 2019
	$	**$**
Due to related parties	**207,995**	**274,215**
Promissory Note	**148,620**	**-**
Total	**356,615**	**274,215**

The amounts due to related parties represent amounts due to directors and officers or companies which have directors in common, or in which the directors have significant influence and interests. These amounts are unsecured, non-interest bearing and are due within twelve months. The promissory notes are interest bearing at 5.0% per annum. The unpaid principal amount together with any accrued and unpaid interest, shall become due and payable in full on or before December 31, 2020.

1.10 FOURTH QUARTER

Please see 1.4 SUMMARY OF QUARTERLY RESULTS for information on the fourth quarter of 2019.

1.11 CRITICAL ACCOUNTING ESTIMATES

Not applicable as the Company is a venture issuer.

1.12 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Changes in accounting policies

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carry value of any of the financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Other receivables	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Reclamation bonds	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholder's equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on January 1, 2018.

ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net loss in the period in which they arise.

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at and amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss.

Initial adoption of accounting policies and accounting standards
None.

1.13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, INCLUDING MANAGEMENT OF CAPITAL

Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern, while supporting the Company's business and maximizing the return to its stakeholders. The Company's capital structure is adjusted based on management's decisions to issue debt or equity instruments to fund expenditures. In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business. The capital of the Company consists of equity attributable to owners of the parent comprised of share capital, stock options and warrants.

The Company's principle assets are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. In order to facilitate the management of capital and exploration of its mineral properties, the Company needs to raise capital as and when required to complete its projects and for working capital. The sources of future funds presently available to the Company are through the issuance of new share capital, through the exercise of stock options and/or warrants or through divestiture of certain assets. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to arrange additional financing, when required, on terms satisfactory to the Company.

Management prepares operating budgets to forecast its financing requirements in advance and they review their capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company. The Company's investment policy is to hold cash in interest-bearing accounts at high credit quality financial institutions to minimize risk and maximize liquidity.

The Company's overall strategy remains unchanged from the prior period. The Company is not subject to any externally imposed capital requirements.

Risk Management and Financial Instruments

The Company operates in the mining industry and faces a number of risks that could adversely affect the Company's operations. These risks include industry risk, credit risk, liquidity risk, interest rate risk, foreign currency risk, and commodity price risk. Management reviews and develops policies for managing each of these risks which are summarized below.

Industry Risk
The Company is engaged primarily in the mineral exploration field, which is subject to inherent risks of success as well as compliance with environmental, political and regulatory requirements. The Company is potentially at risk for environmental reclamation obligations associated with resource property interests. As well, the Company operates in foreign countries and is subject to local political risks, as well as local regulatory requirements regarding ownership and maintenance of mineral licenses. Management is of the opinion that they have the expertise to address these risks and makes all efforts to conduct their business in compliance with local industry standards, however environmental and local industry laws and practices are complex, and there is no certainty that all exposure to liability or costs have been mitigated.

Credit Risk
Credit risk is the risk of loss associated with a counter-party's ability to fulfil its payment obligations. The Company's primary exposure to credit risk is attributable to its cash and cash equivalents, as well as other receivables. This risk relating to cash and cash equivalents is considered low since the Company only invests its cash in major banks which are high credit quality financial institutions. The other receivables primarily comprise local sales tax refunds due from governmental agencies and other sundry amounts, as such, management considers the risk with their collection minimal. The cash and cash equivalents are invested in short-term investment certificates for periods less than 90 days. The other receivables are due in less than 90 days.

Liquidity Risk
Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash in order to meet its liquidity requirements and to develop budgets to forecast cash requirements in advance of their requirements. As discussed previously, the Company currently does not have a source of operating cash flow and must raise funds for its exploration and evaluation programs and for general working capital. There are risks associated with raising the funds required, and there can be no assurances that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. The Company's trade and other payables are generally due within 90 days, with all amounts due within twelve months.

Interest Rate Risk
Interest rate risk refers to the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents which represent excess cash invested in short-term investments and these accrue interest at variable market rates. The Company monitors these investments with its need for cash flow and is satisfied with the return on these investments, given the timing of the need for cash in the Company. The effect of changes in interest rates is not significant to the Company.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada, Chile, Namibia, South Africa and Tanzania and portions of its expenditures are incurred in US dollars, South African Rand and Tanzanian Shillings. The Company's presentation currency is the Canadian dollar, the Chilean and Tanzanian subsidiaries' functional currency is the United States dollar and the South African and Namibian subsidiaries' functional currency is the Canadian dollar. The value of financial assets and liabilities denominated in currencies other than the functional currency of the entity to which they relate is not significant.

Commodity Price Risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily lithium, and rare earth elements) to determine the appropriate course of action to be taken by the Company.

COVID-19
Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from coronavirus (COVID-19). The Company continues to operate its business and move its exploration activity forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020.

1.15 OTHER MD&A REQUIREMENTS

DISCLOSURES FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The information required on the Company's exploration and evaluation assets are readily available from the Company's audited consolidated financial statements for the year ended December 31, 2019, and therefore are not required to be repeated here.

DISCLOSURE OF OUTSTANDING SHARE DATA

The information on the Company's share capital including numbers of shares outstanding, details of any conversion features, number of shares issuable on conversion of stock options and warrants, etc. are detailed in the Company's audited consolidated financial statements for the year ended December 31, 2019. The number of common shares outstanding as of the date of this report on November 30, 2020 is 21,880,818 shares.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to Montero, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation.

Forward-looking information estimates and statements that Montero's future plans, objectives and goals, including words to the effect that Montero or management expects a stated condition or result to occur. 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". Since forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; the uncertainty of conducting activities within a joint venture structure; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; the ability to anticipate and counteract the effects of COVID-19 pandemic on the business of the Company, including without limitation the effects of COVID-19 on the capital markets, commodity prices, supply chain disruptions, restrictions on labour and workplace attendance and local and international travel and uncertain political and economic environments. Although management of Montero 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 not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.