Class 1 Nickel and Technologies Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUATERLY HIGHLIGHTS

THREE MONTHS ENDED MARCH 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Class 1 Nickel and Technologies Limited (Formerly Lakefield Marketing Inc.) ("Class 1" or the "Company") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management discussion and analysis, being the management discussion and analysis ("Annual MD&A") for the fiscal year ended December 30, 2020. This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, audited financial statements of the Company for the years ended December 31, 2020 and 2019 and the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted.

The financial statements have been prepared in accordance with International Financial Reporting Standards("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of May 20, 2021, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Class 1common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Additional information related to the Company is available for view on SEDAR at **www.sedar.com**.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this document constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", and "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Company's performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of precious and base metals.	Financing will be available for future exploration and evaluation of the Company's properties; the actual results of the Company's exploration and evaluation activities will be favourable; operating, exploration and evaluation costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and evaluation activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; ongoing uncertainties relating to the COVID-19 virus; the Company's ability to retain and attract skilled staff; availability of permits.
While the Company has no source of revenue, it believes it will be able to meet its administrative overhead and maintain its mineral investments for twelve months starting from March 31, 2021, depending on future events. The Company expects to incur further losses in the development of its business	The operating and exploration activities of the Company for the next year and beyond, starting from March 31, 2021, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favorable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned for the next twelve months; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; ongoing uncertainties relating to the COVID-19 virus.
Management's outlook regarding future trends, including the future price of precious and base metals and availability of future financing.	Financing will be available for the Company's exploration and operating activities; the price of precious and base metals will be favourable to the Company.	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; ongoing uncertainties relating to the COVID-19 virus; availability of financing.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

NATURE OF BUSINESS

The Company

Class 1 was incorporated on December 12, 1989 as "871900 Ontario Limited" under the *Business Corporations Act* (Ontario). The Company's head office and registered office is located at 82 Richmond Street East, Toronto, Ontario M5C 1P1. Class 1 was formerly named "Lakefield Marketing Corporation" until it completed a business combination transaction (the "Transaction") with Legendary Ore Mining Corporation on September 24, 2019, whereby it changed its name to "Class 1 Nickel and Technologies Limited".

On August 20, 2020, the Company commenced trading on the Canadian Securities Exchange under the symbol "NICO".

Principal Business

The Company is engaged in the business of mineral exploration and the acquisition of mineral property assets in Canada. Its objective is to locate and develop economic base metal properties of merit and to conduct its exploration program on the AlexoDundonald Project. The Company currently beneficially owns 100% of the AlexoDundonald Project and holds 100% interest in the Somanike Project located in the Abitibi Region of Quebec.

The Company is in exploration-stage and does not generate revenues, therefore its ability to ensure continuing operations is dependent on acquiring full control of its mineral property interests, the discovery of potentially economically recoverable Mineral Resources reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete the exploration activities, development, if they are proven successful, and future profitable production.

Class 1's goal is to deliver superior returns to shareholders by concentrating on the exploration of its existing properties and the acquisition of properties that have the potential to contain nickel sulphide. The Company currently plans to focus on its material properties.

CORPORATE HIGHLIGHTS

The Project comprises four foundation Mineral resources; Alexo North, Alexo South, Dundonald North and Dundonald South which are situated within a regionally folded package of mafic to ultramafic (basalt and komatiite flows) rocks that trend through the approximately 20 square km land package.

Following the completion of a modern Mineral Resource validation program and a NI 43-101 Technical Report of the Mineral Resources contained within the newly combined Alexo and Dundonald deposit models, Class 1 is reporting an updated total estimated Indicated Mineral Resource of 1.25 Million tonnes (Mt) with an average grade of 0.99% Ni and a total estimated Inferred Mineral Resource of 1.01 Mt with an average grade of 1.08% Nickel. The total estimated Indicated Mineral Resource has increased by 119% and the Inferred Mineral Resource has increased by 1,400% since the previously reported Mineral Resource Estimate contained in the NI 43-101 compliant Technical Report dated June 30, 2020.

On February 18, 2021, the Company announced that it has exercised the option to acquire a 100% interest in the Somanike Property pursuant the option agreement dated September 24, 2019, as amended and restated April 27, 2020, between Legendary Ore Mining Corp. (a wholly-owned subsidiary of the Company) and Vanicom Resources Limited (the "Legendary Option Agreement"). Pursuant to the Legendary Option Agreement, the Company has exercised the option granted to Vanicom by Quebec Precious Metals Corporation ("QPMC") under an option agreement dated August 20, 2018, as amended (the "QPMC Option Agreement"), by paying Vanicom $1 plus reimbursing Vanicom for all expenses made on the Somanike Property prior to the Company exercising said option.

On March 4, 2021, the Company announced nickel sulphide projects update, Quebec and Ontario:

- Acquisition of Somanike Nickel-Copper-PGE Project in northern Quebec executed
- Review and project report commissioned for the Somanike Project, including an advancement strategy for the historic Marbrige Mine Project
- A comprehensive Program of Work is being finalised for The Alexo-Dundonald Nickel-Copper-PGE Project in Timmins Ontario
- Work commenced on Alexo-Dundonald for First Nation agreements, permitting and approvals as preparations made to launch initial 10,000 m expansion drilling campaign

On March 4, 2021, the Company announced and signed a Memorandum of Understanding with Matachewan First Nation for Alexo-Dundonald Nickel Sulphide Project.

On March 22, 2021, the Company announced Ben Cooper has resigned from the Board of Directors of the Company. David Fitch has been appointed as President.

On March 22, 2021, the Company announced a Phase 1 Drill Program to expand mineral resources at Alexo-Dundonald Project:

- 5000 m Phase 1 drilling program set to commence at Alexo North and South Deposits to expand current Mineral Resources
- Initial 25 drill holes designed to define the mineralized trends at Alexo South and Alexo North
- Approvals in place, drill rig operator hired, on-site technical team secured
- First part of 10,000 m Phase 1 program planned for the Alexo-Dundonald Project

- Company well funded to complete the Phase 1 program with existing treasury

On March 24, 2021, the Company announced the appointment of Mathew Fitch as a director of the Company.

On April 22, 2021, the Company announced entered into an agreement with Echelon Capital Markets ("Echelon"), as sole agent to sell on a best efforts private placement basis, a minimum of $2,000,000 of units (the "Offering"), that will consist of common shares that quality as flow-through shares (the "Offered Securities").

TRENDS AND ECONOMIC CONDITIONS

The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global commodity prices
- Demand for base metals and the ability to explore for base metals;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on service provider availability, such as legal and accounting;
- Purchasing power of the Canadian dollar;
- Ability to obtain funding.

MINERAL PROPERTY INTERESTS

Eugene Puritch, P.Eng, FEC, CET is an independent Qualified Person under the definition of National Instrument 43-101. Mr. Puritch has approved the disclosure contained under the heading "Mineral Property Interests" and has verified the scientific and technical data contained herein.

Alexo-Dundonald Project

A comprehensive NI 43-101 Technical Report is available for the Alexo-Dundonald Project from the Company's website at www.class1nickel.com and from its profile at www.sedar.com.

The Alexo-Dundonald Nickel Project is located approximately 45 km northeast of the City of Timmins, Ontario, Canada. It covers an area of approximately 1,895 hectares and comprises 95 Boundary Cell Mining Claims, Single Cell Mining Claims, Leased Claims and Patented Claims.

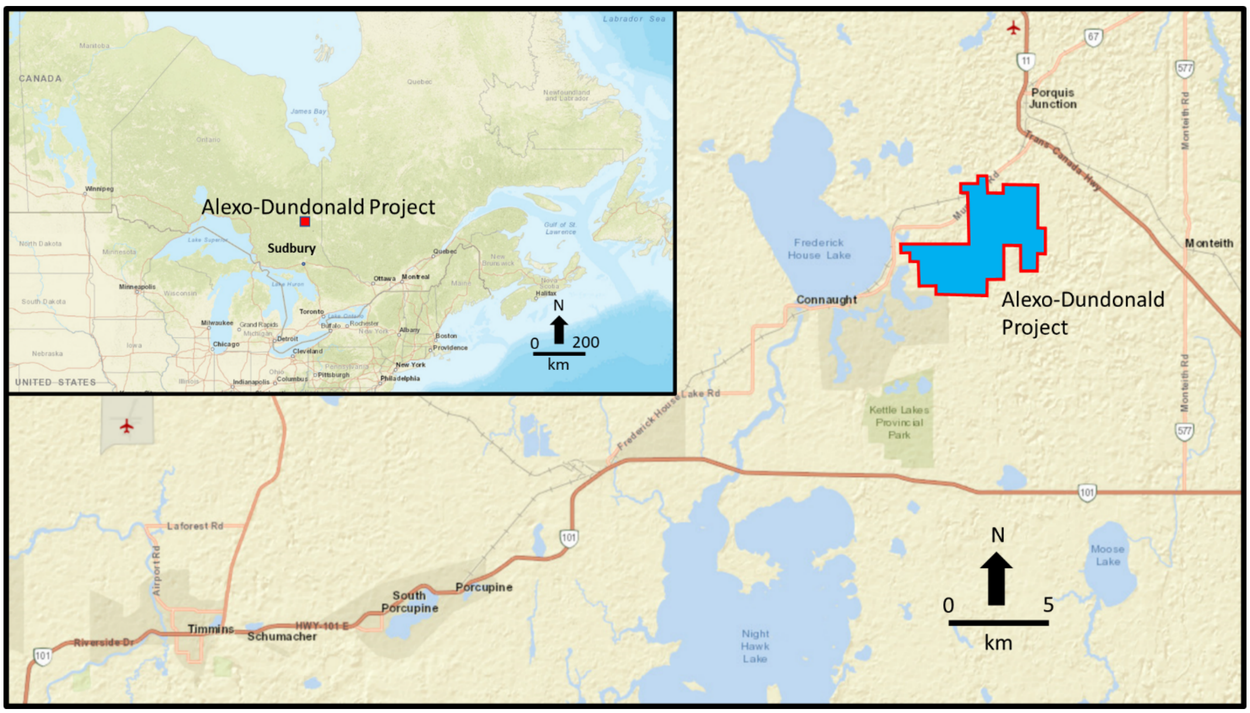

Figure 1 – Geographical location of Alexo-Dundonald Project

The geological setting of the Alexo-Dundonald Project area corresponds to the depositional equivalent environment of the Kidd-Munro assemblage. The Kidd-Munro assemblage is subdivided into lower and upper parts. The lower part of the Kidd-Munro assemblage (2719–2717 Ma) includes localised, regionally discontinuous depositional centres of predominantly intermediate to felsic calc-alkaline volcanic rocks. The upper part of the Kidd-Munro assemblage (2717–2711 Ma) extends across the Abitibi greenstone belt. It consists of tholeiitic and komatiitic volcanic rocks with minor centimetre- to metre-scale graphitic metasedimentary rocks and localised felsic volcanic centres. It has been interpreted that the upper Kidd-Munro assemblage reflects the impact of widespread mantle plume-related magmatism on localised lower Kidd-Munro arc-magmatism volcanic centres.

Previous exploration activity and results in the Alexo-Dundonald Project area have been extensively reviewed and documented by the NI 43-101 Technical Reports prepared by Montgomery (2004), Harron (2009) and Puritch *et al* (2010, 2012). Significant drill intersections reported therein represent the latest rounds of drilling by the last companies to drill on the various target areas within the Project (Canadian Arrow at Alexo-Kelex in 2004–2005 and 2010–2011; First Nickel at Dundonald in 2004–2005; and Falconbridge at Dundeal in 1989) and are presented as an indication of nickel grade and continuity of mineralisation typical of the Project. For more information, please refer to the NI 43-101 Technical Report on the Alexo-Dundonald Project posted to the Company's SEDAR profile on August 14, 2020 at www.sedar.com.

Summary of Completed Activities (Year Ended December 31, 2020)	(A) Spent (approx.) (Three month ended March 31, 2021)	Plans for the Project (Fiscal 2021)	(B) Planned Expenditures (approx.)
The Company completed a VTEM™ survey on the Alexo-Dundonald Nickel Project, thereby completing phase 1 of the exploration program as recommended under the Amended NI 43-101 Technical Report on the Alexo-Dundonald Nickel Project dated June 30, 2020. The Company continues to finalize the interpretation of anomalies identified by the VTEM™ survey. See Note 1 below.	$165,776	Continue interpreting the anomalies identified by the VTEM™ survey conducted on the Alexo-Dundonald Project. The Company intends to further explore the anomalies identified by the VTEM™ survey. The Company intends to undergo a 10,000m diamond drilling campaign on the Alexo-Dundonald Project focusing on the VTEM™ anomalies, as recommended as the phase 2 exploration program under the amended NI 43-101 Technical Report on the Alexo-Dundonald Nickel Project dated June 30, 2020. The Company had raised equity capital during 2020 and 2021 to fund its exploration work requirements. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations.	$2,000,000
	$165,776		$2,000,000

As of March 31, 2021, the accumulated spent incurred in completing phase 1 of the exploration program is $576,066.

Note 1

Alexo-Kelex Property

The Company acquired a 100% interest (subject to a vendor buy-back) in Legendary Ore Mining Corporation, which held the Alexo-Kelex Property, under the Alexo-Kelex Agreement dated October 18, 2018 between Vanicom Resources Limited ("Vanicom"), Tartisan Nickel Corp. ("Tartisan") and Canadian Arrow Mines Limited ("Canadian Arrow"). The Alexo-Kelex Property consists of 55 mining claims and leases covering 940.43 hectares located in the Clergue and Dundonald townships near Timmins, Ontario. The Alexo-Kelex Property is subject to a 0.5% NSR with, which could be bought out by the Company for $1,000,000. The Alexo-Kelex Property is also subject to an existing 1.5% NSR granted to Outokumpu Mines Ltd.

The Alexo-Kelex Agreement allows Tartisan to re-acquire the Alexo-Kelex Property from Legendary for $1.00 if Legendary fails to incur by October 18, 2021 (a) $750,000 worth of Exploration Expenditures (as defined thereunder) on the Alexo-Kelex Property; and (b) $1,500,000 worth of Exploration Expenditures (as defined thereunder) on the Alexo-Dundonald Project. For the three months ended March 31, the Company has spent the following on the Alexo-Kelex Property:

	Three Months Ended March 31, 2021	**Three Months Ended March 31, 2020**
Administrative costs	4,051	-
Exploration and evaluation	82,888	-
Field equipment	658	-
	87,597	-

Dundonald Property

The Company acquired a 100% interest (subject to a vendor buy-back) in the Dundonald Property under the Dundonald Agreement dated November 9, 2018 between Legendary Ore Mining Corporation (a subsidiary of the Company) and Transition Metals Corp. ("Transition"). The Dundonald Property consists of 40 mineral claims and leases covering 954.075 hectares located in the Clergue and Dundonald townships near Timmins, Ontario. The Dundonald Property is subject to a 2.5% NSR royalty granted to Transition by Legendary upon acquisition of the property.

The Dundonald Agreement allows Transition to re-acquire the Dundonald Property from Legendary for $1.00 if Legendary fails to incur by November 9, 2021 $1,500,000 worth of Exploration Expenditures on the Alexo-Dundonald Project. For the three months ended March 31, the Company has spent the following amount on the Dundonald property:

	Three Months Ended March 31, 2021	**Three Months Ended March 31, 2020**
Administrative costs	4,051	-
Exploration and evaluation	82,888	-
Field equipment	658	-
	87,597	-

Somanike Project

The Company has the option to acquire a 100% interest in the Somanike Property pursuant an option agreement dated September 24, 2019, as amended and restated April 27, 2020, between Legendary (a wholly-owned subsidiary of the Company) and Vanicom (the “Legendary Somanike Option Agreement”). Under the Legendary Somanike Option Agreement, the Company may exercise the option granted to Vanicom by Quebec Precious Metals Corporation (“QPMC”) under an option agreement dated August 20, 2018, as amended (the “QPMC Option Agreement”), by paying Vanicom $1.00 plus reimbursing Vanicom for all expenses made on the Somanike Property prior to the Company exercising said option. The Somanike Property consists of 110 mining titles covering 5146.06 hectares located in the Abitibi area of the Province of Quebec. The Legendary Somanike Option Agreement was entered into following a reorganization of Vanicom, whereby Vanicom divested its ownership of Legendary to Vanicom shareholders, which was completed on September 19, 2019.

Exploration in the Somanike Project (the “Project“) area has been dormant since the early 1970s following the closing of the Marbridge Ni-Cu Mine in 1968. Historical exploration programs focused on Ni-Cu with the majority of assays conducted for Ni and very limited Cu. Very few assays were taken for Au, Zn, Cu, and Ag. The entire project area was not investigated by modern surveys until 2014-15 when Sphinx Resources Ltd. (“Sphinx”) flew a VTEM survey over the entire Project with the objective of identifying nickel-copper, gold and VMS targets. Compilation of all historical drill data in conjunction with the new VTEM survey identified previously unrecognized sulphide iron formations occurring across the Project. Numerous targets were generated and programs designed for the commodities listed above.

To maintain the option to the Somanike Property under the QPMC Option Agreement, the Company has issued 181,089 Common Shares to QPMC and 53,846 Common Shares to Globex Mining Enterprises Inc. Prior to exercising its option under the Legendary Somanike Option Agreement, the Company must pay QPMC $25,000 in cash prior to June 15, 2022 and $50,000 in cash prior to June 15, 2023. Also, prior to exercising the option on the Somanike Project, the Company must drill 750m of core on certain claims held by Globex Mining Enterprises Inc. As of March 31, 2021, the Company has paid QPMC an aggregate of $75,000 and has drilled the necessary 750m of core on certain claims held by Globex Mining Enterprises Inc.

Figure 2 – Geographical location of Somanike Project

For the three months ended March 31, the Company has spent the following amount on the Somanike property:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Acquisition costs	402,800	-
Administrative costs	338	-
Exploration and evaluation	299,547	58,356
Field equipment	32,002	-
	734,687	58,356

SUMMARY OF QUARTERLY RESULTS

Three months ended March 31, 2021, compared with three months ended March 31, 2020

The Company recorded a comprehensive loss of $1,104,074 compared to $168,234 in the prior period. The increase in the net loss of $935,840 in spending was attributed to the following an increase in exploration and evaluation of $851,525 due to acquisitions costs, drilling cost were incurred in during the three months ended March 31, 2021, and an increase in professional fees of $108,467 due to the increase in consulting expenses. This has been offset by an increase the amortization of flow-through premium of $54,000.

LIQUIDITY AND CAPITAL

Class 1 is an exploration-stage company and does not generate revenues. As such, it finances all of its operations and the exploration of its mineral properties entirely through the issuance of share capital. Although the Company has to date been successful in its attempts to raise capital, there can be no assurance that its future efforts will likewise be successful. The mineral exploration business is high risk and the vast majority of exploration projects on which capital is spent will not result in producing mines. The success of future financings will depend on a variety of factors including geological success – i.e. obtaining superior results from exploration; a positive investment climate encompassing strong metal prices, solid stock market conditions, and a “risk-on” appetite among investors; and the Company’s track record and management’s ability and experience. If such financing is unavailable, the Company may be unable to retain its mineral interests and execute its business plans. As at March 31, 2021, the Company has not earned significant revenue and has an accumulated deficit of $4,404,454 (December 31, 2020 - $3,300,380). In order to reach sustainable business operations, the Company is actively seeking additional sources of liquidity.

The Company’s cash balance as of March 31, 2021 was $2,650,361 compared to $3,864,804 as of December 31, 2020. As of March 31, 2021, the Company had current assets of $2,899,055 (December 31, 2020 – $4,021,321), current liabilities of $500,652 (December 31, 2020 – $518,844), and a working capital of $2,398,403 (December 31, 2020 – $3,502,477).

Operating Activities

During the three months ended March 31, 2021 and 2020, the Company’s operating activities used cash of $1,205,646 and $132,726, respectively. Cash used in operating activities for the three months ended March 31, 2021 is mainly attributable to net loss for the period of $1,104,074 and amortization of flow-through premium of $54,000, an increase in accounts payable and accrued liabilities of $35,808, offset by an increase in accounts receivable of $77,339, and an increase in prepaid expenses of $6,041. The cash flows used in operating activities for the three months ended March 31, 2020 arose primarily from the net loss for the period of $168,234, an increase in accounts payable and accrued liabilities of $61,381, offset by an increase in accounts receivable of $10,073, and an increase in prepaid expenses of $15,800.

Investing Activities

During the three months ended March 31, 2021 and 2020, the Company did not engage in any investing activities.

Financing Activities

During the three months ended March 31, 2021 and 2020, the Company's financing activities required generated cash of $8,797 and $3,530, respectively. The cash used in financing activities during the three months ended March 31, 2021, is due to an increase in the amounts due from related party.

Going concern uncertainty

At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the three months ended March 31, 2021, the Company incurred a net loss of $1,104,074, respectively (three months ended March 31, 2020 - $168,234) and had negative operating cash flows of $1,205,646. The Company has an accumulated deficit of $4,404,454 since inception (December 31, 2020 - $3,300,380) and has not sufficient cash as at March 31, 2021 to meet its remaining expected obligations over the next twelve months after deducting the $2,841,467 committed to be spent on CEE under terms of the Flow Through financings. These factors raise significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to generate cash flows from operations and to complete negotiations to obtain and successfully close additional funding from debt financing, equity financings or through other arrangements. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future on terms favourable for the Company. The Company may need to raise additional capital to fund operations. This need may be adversely impacted by uncertain market conditions, approval by regulatory bodies, and adverse results from operations. The Company believes it will be able to acquire sufficient funds to cover planned operations through the next twelve months by securing additional financing through additional private placements if required. The outcome of these matters cannot be predicted at this time.

RELATED PARTY TRANSACTIONS

As at March 31, 2021, the Company has $16,142 in amounts due from a company with common directors of Class 1. The amounts are accrued in the normal course of operation at their exchange value.

Key management includes directors and other key personnel, including the CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three months ended March 31, 2021, the Company paid or accrued professional fees of $2,250 (three months ended March 31, 2020 - $7,663) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping and other services to the Company and charged $9,201 for the services (three months ended March 31, 2020 - $5,413). As at March 31, 2021, MSSI was owed $2,087 (December 31, 2020 - $nil) with respect to services provided. The balance owed was recorded in the statement of financial position in accounts payable and accrued liabilities.

As at March 31, 2021, directors of the Company, beneficially owns 53,220,788 Common Shares carrying approximately 50.6% of the voting rights attached to all Common Shares.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

ACCOUNTING POLICIES

New standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishments of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

OUTSTANDING SHARE DATA AS OF MARCH 31, 2021 AND AS OF REPORT DATE

As of March 31, 2021 and the date of this MD&A, the Company has the following securities issued and outstanding: (a) 105,221,695 Common Shares; (b) 2,925,677 Warrants; and (c) 251,423 Finders' Warrants.

SUBSEQUENT EVENT

On April 22, 2021, the Company announced entered into an agreement with Echelon Capital Markets ("Echelon"), as sole agent to sell on a best efforts private placement basis, a minimum of $2,000,000 of units (the "Offering"), that will consist of common shares that qualify as flow-through shares (the "Offered Securities").

The Offered Securities will be issued in 2 tranches:

- Tranche 1 - will consist of a minimum of $2,000,000 Offered Securities to be issued at a price of $0.60 to residents outside of Canada (the "FT Units"). Each FT Unit will be comprised of one common share and one common share purchase warrant (the "FT Warrants"). Each FT warrant will entitle the holder to acquire one common share at a price of $0.80 for 3 years following of the closing date.

- Tranche 2 - will consist of a minimum of $2,000,000 Offered Securities to be issued at a price of $0.65 to residents of Quebec (the "Quebec FT Units). Each Quebec FT Unit will be comprised of one common share and one common share purchase warrant (the " Quebec FT Warrants"). Each Quebec FT warrant will entitle the holder to acquire one common share at a price of $0.85 for 3 years following of the closing date.

The Company has granted Echelon an option to purchase up to an additional 15% of the Offered Securities, in any combination of FT Units and Quebec FT Units, exercisable at any time until 48 hours prior to closing. Echelon will receive a cash commission equal of 7% of the gross proceeds and the Company will issue to Echelon compensation options equal to 7% of the number of Offered Securities sold under the Offering. Each compensation options will entitle the holder to subscribe one common share unit ("Broker Unit") at $0.60 per unit for 3 years from the closing date. Each Broker Unit will consist of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Company at a price $0.80 for a period of 3 years following the closing of the offering.

The Offering is scheduled to close on May 19, 2021 and is subject to certain conditions and the receipt of all regulatory and other approvals including the approval of the Canadian Securities Exchange and securities regulatory authorities.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's annual management's discussion & analysis for the fiscal year ended December 31, 2020, available on SEDAR at **www.sedar.com**.