NETCOINS HOLDINGS INC.
(FORMERLY GAR LIMITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

(EXPRESSED IN CANADIAN DOLLARS)

GENERAL

This Management's Discussion and Analysis of GAR Limited ("GAR" or the "Company") ("MD&A") is dated April 30, 2019, provides analysis of the Company's financial results for the year ended December 31, 2018, compared to the year ended December 31, 2017. The following information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018 and 2017 with accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures are expressed in Canadian dollars unless otherwise stated.

COMPANY OVERVIEW

Netcoins Holdings Inc. (formerly GAR Limited) ("GAR" or the "Company") was incorporated on February 20, 1987 under the Business Corporation Act (Ontario). These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

GAR is a public company which is listed on the Canadian Securities Exchange ("CSE") under the symbol "NETC". The Company's head office is 1199 West Pender Street, Suite 410, Vancouver, BC, V6E 2R1, and registered and records office is located 1055 W. Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC, V6E 4N7.

On March 9, 2018, the Company completed the acquisition of Netcoins Inc. ("Netcoins"), a private British Columbia corporation incorporated on July 8, 2014. Netcoins develops and markets software that enable the efficient purchasing of Bitcoin and uses its software to purchase and sell Bitcoin to customers. The Company acquired all of the issued and outstanding shares of Netcoins under a share purchase agreement (the "Reverse Takeover Transaction", the "Transaction", or the "RTO"). In connection to the Transaction, the Company is doing business under the business name "Netcoins Holdings Inc." and operating the primary business of Netcoins.

On the closing of the RTO, Netcoins became a wholly-owned subsidiary of the Company. As Netcoins is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 8, 2014 are included in the consolidated financial statements at their historical carrying value. The Company's results of operations are included from March 9, 2018 onwards, the closing date. Please refer to the Reverse Acquisition (note 6 of the financial statements) for more details.

REVERSE ACQUISITION

On March 9, 2018, pursuant to the terms of the share purchase agreement (the "Agreement") the Company and Netcoins completed an amalgamation, whereby the Company acquired all of the issued and outstanding share capital of the Netcoins, being 52,857,143 common shares, as a means by which the Company will attain a public listing of its common shares.

Pursuant to the Share Purchase Agreement:

- In consideration for the acquisition of all of the Class A Shares, GAR (i) paid to the Class A shareholders pro rata in proportion to their holdings of Netcoins Class A Shares, an aggregate of $4,000,000, and (ii) issued from treasury to the Class A shareholders pro rata in proportion to their holdings of Class A shares, an aggregate of 2,857,143 common shares at a deemed price of $0.35 per share in the equity of GAR, free and clear of any encumbrances.
- In consideration for the acquisition of the Netcoins Class B shares, GAR issued from treasury to the Class B shareholders one common share in the equity of GAR for each Netcoins Class B share held, free and clear of any encumbrances for a total of 50,000,000 Class B shares.
- At the time of closing of the Transaction, each of the holders of Class B Warrants disposed of their respective right to acquire Netcoins Class B shares under the outstanding Class B Warrants held by such warrant holders at that time and those outstanding Class B Warrants were deemed immediately cancelled. In consideration for the disposition by a Class B Warrant holder of each right to acquire one Netcoins Class B share pursuant to a Class B Warrant, the Class B Warrant holder received the right to acquire one common share of GAR (each a "Replacement Warrant" and collectively, the "Replacement Warrants"), rounded down to the nearest whole number of common shares. The exercise price under each Replacement Warrant equaled to the exercise price of the particular Class B Warrant that was cancelled in consideration for such Replacement Warrant.
- As a result of the Transaction, GAR issued an aggregate of 52,857,143 GAR common shares to Netcoins

shareholders. At the completion of the Transaction, 116,694,562 GAR common shares were outstanding.

- At the closing Transaction, the shareholders of Netcoins hold 45.3% of GAR. Accordingly, Netcoins is considered to have acquired GAR with the transaction being accounted for as a reverse takeover of GAR by Netcoins shareholders (the "RTO").

The acquisition constitutes an asset acquisition as the Company did not met the definition of a business, as defined in IFRS 3, Business Combinations. Additionally, as a result of the RTO, the statement of financial position has been adjusted for the elimination of the Company share capital, contributed surplus and accumulated deficit within shareholders' equity.

As a result of this asset acquisition, a listing expense of $16,121,221 has been recorded. This reflects the difference between the estimated fair value of Netcoins shares deemed to have been issued to the Company's shareholders less the fair value of the net assets of the Company's acquired.

The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase Price		
52,837,143 common shares of GAR Limited	$	18,500,000
8,798,842 warrants of GAR Limited		2,209,852
5,000,000 finders' fee shares		1,750,000
Cash payment		4,000,000
Total Purchase Price	$	26,459,852
Allocation of Purchase Price		
Cash		9,742,999
Prepaid expenses and other current assets		922,782
Accounts payables and accrued liabilities		(327,150)
Listing expenses		16,121,221
	$	26,459,852

Additional information relating to the Transaction is provided in GAR's Listing Statement dated February 28, 2018.

OVERALL PERFORMANCE

During the year ended December 31, 2018, the Company experienced tremendous growth in the business from the sales of cryptocurrencies via Netcoins' virtual cryptocurrency platform and other new channels. For the year ended December 31, 2018, revenues from cryptocurrency sales were $58,357,238, representing an increase of 313%, compared to cryptocurrency sales revenues of $14,133,570 during the same period in the prior year. The increase in cryptocurrency sales is primarily due to the Company expanding its sales team, engaging stores and agents in the active sales of cryptocurrencies, selling cryptocurrencies directly, private labelling of the Company's software to other cryptocurrency sellers, all in the context of increased adoption of cryptocurrency.

The Company expanded its sales and marketing efforts by providing its software to various retail outlets including precious metal retailers, convenience stores, individual sellers and a prepaid voucher retail program. The ease with which end users can purchase cryptocurrencies using the Company's platform, compared to the difficult process of purchasing from cryptocurrency exchanges, facilitated growth in sales through the Company's various outlets. The Company continued to add more retail locations throughout the period, and now has presence across Canada. As the adoption of cryptocurrencies grew during the period, the Company attracted individuals wishing to purchase larger volumes of cryptocurrencies exceeding the order limit of its retail outlets. In response, the Company began selling cryptocurrencies in larger amounts directly to end users. This "private brokerage" channel is now a significant component of the Company's sales.

The Company also expanded its service products in the year ended December 31, 2018 by providing other cryptocurrencies access to its platform so that they can be traded with ease.

SELECTED ANNUAL INFORMATION

The following sets out selected financial information from the Company's most recently completed financial period and are derived from, and should be read together with the Company's annual financial statements.

	Year ended		
	December 31, 2018 $	December 31, 2017 $	December 31, 2016 $
Current Assets	5,872,335	921,019	33,026
Current Liabilities	800,681	1,001,061	57,028
Total Assets	5,978,811	921,019	33,026
Total Liabilities	837,146	1,001,061	57,028
Revenues			
Cryptocurrency sales	58,357,238	14,133,570	97,276
Cryptocurrency purchases	(57,557,297)	(13,556,257)	(92,996)
Gross profit	799,941	577,313	4,280
Gross margin	1.4%	4.1%	4.4%
Expenses	23,071,183	685,523	32,373
Net Loss	22,147,564	91,888	3,133
Loss per Share	0.23	91.89	3.13

SUMMARY OF QUARTERLY RESULTS

Key financial information for the three months ended December 31, 2018 is summarized as follows, reported in Canadian dollars except for per share amounts:

	Three Months Ended	
	December 31, 2018 ($)	December 31, 2017 ($)
Revenues		
Sales	26,330,954	6,980,598
Purchases	(26,128,358)	(6,691,331)
Gross Profit	202,596	289,267
Gross Margin	0.8%	4.1%
Total Operating Expenses	(1,489,199)	(549,197)
Net income (loss)	(1,208,522)	(38,550)
Earnings (loss) per share	(0.01)	(38.55)

	December 31, 2018 ($)	December 31, 2017 ($)
Current Assets	5,872,335	921,019
Current Liabilities	800,681	1,001,061
Total Assets	5,978,811	921,019
Total Liabilities	837,146	1,001,061

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

Revenues
Revenues from cryptocurrency sales for the three months ended December 31, 2018 were $26,330,954, compared to revenues of $6,980,598 during the same period in the prior year.

Cost of sales from cryptocurrency purchases for the three months ended December 31, 2018 were $26,128,358, compared to cost of sales of $6,691,331 during the same period in the prior year.

Gross margin for the three months ended December 31, 2018 was at 1% compared to 4% in the same period in the prior year.

Operating expenses

Expenses for the three months ended December 31, 2018 were $1,489,199, compared to $549,197 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Marketing and advertising expenses: $258,689 for the three months ended December 31, 2018 compared to $nil during the same period in prior year, as the Company has expanded and experienced tremendous growth in the current fiscal period;
- General and administrative expenses: $567,216 for the three months ended December 31, 2018 compared to $669,975 during the same period in the prior year; higher expenses were incurred in 2017 because the Company experienced higher sales percentage-wise in the last quarter of 2017 compared to 2018.
- Share-based payments: $205,984 for the three months ended December 31, 2018 compared to $nil during the same period in 2017, as the Company adopted a stock option plan in the current fiscal year and granted options to directors, management and certain employees;
- Consulting fees: $111,812 compared to $nil during the same period in 2017, as the Company commenced operations as a public company and incurred the expenses of a full-time management and operating team;
- Professional fees: $(51,946) compared to $364,091 during the same period in the prior year; the Company engaged professionals to consult in potential acquisition during the last quarter of fiscal 2017.
- Foreign exchange gain: $222,159 for the three months ended December 31, 2018 compared to loss of $9,261 during the same period in the prior year as the number of cryptocurrency transactions increased significantly in the current period as well as a weaker Canadian dollar in 2018.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues

Revenues from cryptocurrency sales for the year ended December 31, 2018 were $58,357,238, compared to revenues of $14,133,570 during the same period in the prior year.

Cost of sales from cryptocurrency purchases for the year ended December 31, 2018 were $57,557,297, compared to cost of sales of $13,556,257 during the same period in the prior year.

Gross margin for the year ended December 31, 2018 was at 1% compared to 4% in the same period in the prior year because in 2018, the Company engaged more stores and agents in selling cryptocurrencies directly and hence incurred higher commission expenses and trading fees.

Operating expenses

Expenses for the year ended December 31, 2018 were $23,071,183, compared to $685,523 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Marketing and advertising expenses: $978,251 for the year ended December 31, 2018 compared to $nil during the same period in the prior year, as the Company has expanded and experienced tremendous growth in the current fiscal year;
- General and administrative expenses: $1,748,215 for the year ended December 31, 2018 compared to $647,273 during the same period in the prior year, commensurate with the growth in business;
- Consulting fees: $515,106 compared to $nil during the same period in the prior year, as the Company commenced operations as public company and incurred the expenses of a full-time management and operating team.
- Professional fees: $372,969 compared to $nil during the same period in the prior year, as the Company engaged advisors to assist in the rapid growth of the business and in preparation for the Proposed Transaction;
- As a result of the RTO, listing expenses were $16,121,221, comprised mainly of $4,000,000 cash payment and issuance of $1,000,000 in value of GAR common shares to the vendors of Netcoins, and $11,121,221 as the difference between the fair value of net assets acquired.
- Foreign exchange loss: $26,209 for the year ended December 31, 2018 compared to loss of $9,261 during the same period in the prior year as the number of cryptocurrency transactions increased in an environment of changing exchange rates.

CAPITAL STRUCTURE

As of the date of this MD&A, the Company has 120,414,611 common shares issued and outstanding. In addition, there are outstanding share purchase warrants and stock options for a further 4,279,951 and 11,475,000 common shares, respectively.

The details of warrants outstanding are as follows:

Grant Date	Expiry Date	Number of warrants issued		Weighted Average Exercise Price
October 31, 2017	October 31, 2019	4,279,951	$	0.10
		4,279,951	$	0.10

The details of stock options outstanding are as follows:

Grant Date	Expiry Date	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
March 13, 2018	March 13, 2023	9,770,000	$0.35
May 9, 2018	May 9, 2023	505,000	$0.25
July 6, 2018	July 6, 2023	1,200,000	$0.10
		11,475,000	$0.32

CAPITAL RESOURCES

The Company defines capital as consisting of shareholder's equity and due to a related party. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at December 31, 2018 and December 31, 2017, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the years ended December 31, 2018 and December 31, 2017.

LIQUIDITY

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements. The Company has historically financed its operations primarily through the sale of share capital by way of private placements.

At December 31, 2018, the Company had cash of $5,598,712 (2017 - $761,071) and working capital of $5,071,654 (2017 - $(80,042) (working capital deficit)). The change in working capital at December 31, 2018, and December 31, 2017 is attributed to several factors commensurate with the growth of the business including the increase in cash on deposit with cryptocurrency exchanges to facilitate the timely purchase of cryptocurrencies, the growth in trade receivables and payables, and increase in cryptocurrency inventory at 2018 year-end, and prepaid expenses.

Cash used in operating activities was $2,031,435 during the year ended December 31, 2018, compared to $149,596 generated in operating activities during same period in the prior year. The change in operating cash flows is attributed primarily to the increase in activities and expenses related to the RTO.

Cash provided by investing activities was $5,601,735 during the year ended December 31, 2018, compared to $nil used in investing activities during the same period in the prior year. The change in investing cash flows is attributed primarily to the cash received upon completion of the RTO.

Cash provided by financing activities of $1,267,342 for the year ended December 31, 2018 compared to $585,821 provided by financing activities during the same period in the prior year. The change in financing cash flows was primarily due to receipt of funds from the conversion of warrants under the convertible debenture units.

The continued operation of the Company in the future may depend on the Company's ability to obtain additional financings. In the past, the Company has relied on shareholder loans and cash generated from operations to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through equity financing, debt financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing; failure to obtain such additional financing could have a material adverse effect on the Company's operations.

OUTLOOK

The Company believes that Bitcoin, and cryptocurrencies in general, will continue to increase their penetration of the mainstream market over the coming years. To deliver on the Company's mission of bringing crypto to the masses, and to help enable this ongoing penetration, the Company will continue to develop software solutions targeted at 3 main markets:

1. Distributed Retail,
2. Over-The-Counter ("OTC") and
3. Financial Brokerages and Wealth Management companies.

The original Netcoins software enables retail businesses (convenience stores, gas stations, coffee ships etc.) and mobile agents to sell cryptocurrencies to their customers directly. The Company will attempt to expand the number of retail locations using our software, both directly and via white label, in Canada and internationally. The Company will also continue to work with voucher providers, like Flexepin, to open international retail locations as quickly as possible.

The Company is also seeing demand for our Private Brokerage (Over-The-Counter services from high net worth investors, institutional investors, and crypto mining companies). To this end, Netcoins will continue to expand its offering of white glove brokerage services to these buyers and sellers of larger ($25k+ per transaction) quantities of cryptocurrency. We will also leverage our sales team to proactively sell these services to crypto miners and institutional investors globally.

Finally, though not yet an active market, traditional financial brokerage houses (and wealth managers) desire the ability to offer crypto investing to their clients directly. Working with IIROC in Canada first, the Company will continue to seek regulatory approval and custodial coin partners to enable this market.

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common.

Key Management Personnel Compensation

During the year ended December 31, 2018 and 2017, the Company paid and/or accrued salaries, commissions, consulting and professional fees to management personnel and directors:

		December 31, 2018		December 31, 2017
Management	$	952,838	$	-
Directors		273,377		-
	$	1,226,215	$	-

During the year ended December 31, 2018, the Company also had share-based payments made to management and directors of $1,333,338 (2017 - $nil) and $94,823 (2017 - $nil) respectively.

Key management includes the Company's Board of Directors and members of senior management.

During the year ended December 31, 2018, the Company purchased $356,516 (2017 - $nil) worth of bitcoins from a company with common management.

Due to Related Parties

As at December 31, 2018 and December 31, 2017, the Company has the follow amounts due to related parties:

		December 31, 2018		**December 31, 2017**
Accounts payable and accrued liabilities	$	92,484	$	-
Due to related party		-		138,700
	$	92,484	$	138,700

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash approximates their carrying value due to the short-term maturity. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial Risk Factors

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks, cash on deposit with fiat to Bitcoin Exchanges and from outstanding trade receivables. The Company minimizes credit risk associated with its cash balance substantially by dealing with financial institutions deemed to be reliable due to their history of operations. Credit risk associated with cryptocurrency sale proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 or 15 days.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

Foreign Currency Risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company is exposed to foreign currency risk through cash on deposit with fiat to Bitcoin exchanges which is denominated in United States dollars (USD). As at December 31, 2018, the Company had $5,376,788 in banks and $221,904 on deposit with fiat to Bitcoin exchanges. A 5% change in the value of Canadian dollar in comparison to USD would cause a change in net income of approximately $146,795.

BUSINESS RISKS AND UNCERTAINTIES

Additional information on risks and uncertainties relating to Netcoins' business is provided in GAR's Listing Statement dated February 28, 2018, under the heading "Risk Factors".

CONTRACTUAL OBLIGATIONS

The Company presently has no contractual obligations pursuant to which the Company has any payments owing in the next five years.

Additional information on Netcoins' material contracts is provided in GAR's Listing Statement dated February 28, 2018, under the heading "Information Concerning Netcoins – Material Contracts".

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

The following discusses the most significant accounting judgements, estimates and assumptions that the Company has made in the preparation of its financial statements.

Areas of judgment:

- Revenue recognition

  In recognizing revenue, the Company determines if it acts as a principal in executing transactions with third parties, judgment is required to determine if the Company is acting as the principal or an agent in order to determine if revenue should be recognized on a gross or net basis for bitcoin sales and purchases.

- Going concern

  Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will be able to continue as a going concern.

- Deferred tax assets

  The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probably that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Management applies judgment in determining the likelihood of future taxable profits.

- Determination of fair values

  The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

- Impairment of receivables

  Receivables measured at amortized cost or at FVTOCI are assessed at each reporting date to determine whether there is an objective evidence of impairment. An expected credit loss impairment model is applied, where expected credit losses are the present value of all cash shortfalls over the expected life of the receivable. A receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the receivable, and that the loss event will have a negative effect on the estimated future cash flows of that receivable that can be estimated reliably.

  An impairment loss in respect of receivables is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired receivables continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

- Depreciation of property, plant and equipment

  Depreciation of equipment and leasehold is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of market and economic factors.

- *Accounting for Digital Assets*

  At present, there is limited guidance in IFRS on the recognition and measurement of digital assets.

  Noted below are the key policies used to account for these assets.

- *Fair Value of Digital Assets*

  Digital assets are measured at fair value using the quoted price on www.coinmarketcap.com.

  Management considers this fair value to be a level two input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The digital assets are valued based on the closing price obtained from www.coinmarketcap.com at the reporting period corresponding to the digital assets mined by the Company. The Company is relying on the data available at www.coinmarketcap.com to be an accurate representation of the closing price for the digital assets.

- Impairment of non-financial assets

  Non-financial assets are tested annually for impairment. The calculation requires assumptions and the use of estimates including growth rates for future cash flows, the number of years used in the cash flow model, the discount rate and other estimates.

- Tax assets and liabilities

  Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rate as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are summarized in Note 4 to the audited financial statements for the years ended December 31, 2018 and 2017.

ACCOUNTING STANDARDS ISSUED AND APPLICABLE TO THE COMPANY

IFRS 9 Financial Instruments. In July 2014, the IASB completed the final elements of IFRS 9 "Financial Instruments." The standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard came into effect for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. IFRS 9 was applied by the Company on January 1, 2018 with no impact to the Company.

IFRS 15 Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and related interpretations. The standard is to be adopted for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 was applied by the Company on January 1, 2018 with no impact to the Company.

IFRS 16 Leases. In January 2016, the IASB issued IFRS 16 "Leases", which replaces IAS 17 "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company does not expect IFRS 16 to have a significant change to the statement of financial position.

No other IFRS or IFRIC pronouncements that are not yet effective would be expected to have a material impact on the Company.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Company's operations in future periods, adequacy of financial resources and future plans and objectives of the Company. All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future expenditures on research and development and operating expenses, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.