

## **SPEARMINT RESOURCES INC.**

Management's Discussion and Analysis  
For the six months ended July 31, 2018

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Date of Report: September 6, 2018

The following discussion and analysis of the Company's financial condition and results of operations for the six months ended July 31, 2018, should be read in conjunction with its condensed consolidated interim financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Disclaimer for Forward-Looking Information**

Certain statements in this report are forward-looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities such as the intended work programs on its existing property interests, the ability to meet financial commitments and the ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this Management's Discussion and Analysis. These assumptions, which include management's current expectations, estimates and assumptions about its current property interests, the global economic environment, the market price and demand for mineral commodities and its ability to manage the property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause the actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price for mineral commodities, (3) delays in the start of projects with respect to its property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mineral exploration and mining, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond its control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risks and Uncertainties" below.

## **Nature of Business**

The Company was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company is an exploration stage public company and is listed on the TSX Venture Exchange under the trading symbol “SRJ”. The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At July 31, 2018, the Company had exploration and evaluation assets located in Canada and the United States.

## ***Mineral Properties***

### *Nevada Elon and McGee Properties*

On July 12, 2016, the Company entered into a share purchase agreement (the “Nevada Agreement”) with five arm’s length vendors (the “Nevada Vendors”) to purchase 100% of the issued and outstanding common shares of 1074942 B.C. Ltd., which through its wholly-owned subsidiary Mathers Lithium Corp. (a Nevada corporation) holds a 100% interest in certain lithium mineral claims (the “Elon claims” and the “McGee claims”) in Nevada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company issued 12,700,000 common shares at a value of \$444,500 to the Nevada Vendors pursuant to the Nevada Agreement. In addition, the Company issued 912,000 common shares at a value of \$31,920 as a finder’s fee, and paid \$20,000 to the vendor for land acquisition and \$3,903 in filings fees in connection with this transaction. The above acquisition costs were allocated to the Elon Property and the McGee Property proportionately, being \$175,113 and \$325,210, respectively.

As disclosed in a news release on November 16, 2016, the Company announced that the geological crews had completed the first phase of a work program on this property and a total of 91 samples had been sent to the lab for lithium grade testing.

As disclosed in a news release on March 13, 2017, the Company announced that of the 91 samples collected and submitted to ALS Minerals in Vancouver, B.C., all were five-foot channel samples of the green clay and represent an assessment of the vertical extent of the exposed formation. This thickness was established by the qualified person geologist observing the layers exposed and basing the thickness on these observations of the property. The highest sample value obtained was 1,630 parts per million, with an overall average value of 843 parts per million lithium. 23 of the 91 samples achieved values of over 1,000 parts per million. The samples ranged from a low of 285 parts per million to the high of 1,630 parts per million.

On June 14, 2017, the Company assumed an additional US\$30,000 payment owed to the vendors for the McGee claims as follows: US\$10,000 by September 1, 2017 (paid) and US\$20,000 by December 31, 2017 (paid). The vendors retain a NSR of 3.75% on the McGee claims.

During the year ended January 31, 2018, the Company provided a security deposit of \$11,098 in relation to its McGee Properties.

As disclosed in a news release on February 7, 2018 the Company received approval of the notice of intent to drill (NOI) from the State of Nevada Commission on Mineral Resources and on February 21, 2018 the Company began the drill program consisting of three wells testing the green clay formation.

As disclosed in a news release on April 17, 2018, the Company announced that the first phase of exploration drilling has been completed and intersected lithium as high as 1,670 parts per million

lithium. The three holes drilled into the clay formation all intersected lithium. Hole 1 had a range of 1,670 to 396 parts per million lithium over 270 feet averaging 835 ppm Li, including 35 feet averaging 1,140 ppm Li. Hole 2 had a range of 1,570 to 250 ppm Li averaging 642 ppm Li over 220 feet including 20 feet of 925 ppm Li. Hole 3 had a range of 1,280 to 429 ppm Li averaging 772 ppm Li over 195 feet including 998 ppm Li over 20 feet. Due to the positive initial results, management plans to do a follow up drill program on this property in the next 12 months.

As at July 31, 2018, the Company had incurred a total of \$5,657 in claim maintenance fees on the Elon Property and \$354,804 in exploration costs on the McGee Property, respectively.

Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans, or otherwise, to fund a work program on this property. Although the Company has secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that are favorable or at all.

#### BC EL North and EL North 2 Nickel-Copper Prospects

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “EL North Nickel-Copper Prospect”) in the world renowned Eskay Creek Mining Camp in the Golden Triangle of British Columbia for staking costs of \$1,400. This prospect consists of 1,975 contiguous acres.

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “EL North 2 Nickel-Copper Prospect”) in the world renowned Eskay Creek Mining Camp in the Golden Triangle of British Columbia for staking costs of \$1,492. This prospect consists of 2,107 contiguous acres.

In July 2018, the Company conducted an airborne work program on this property. The results from this airborne survey are expected in the coming weeks.

#### BC NEBA West Copper-Gold Prospect

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “NEBA Copper-Gold Prospect”) totaling 3,052 acres located in the Golden Triangle of British Columbia for staking costs of \$2,162.

In July 2018, the Company conducted an airborne work program on the NEBA property. The results from this airborne survey are expected in the coming weeks.

#### BC NEBA West Copper-Gold Prospect

In September 2018, the Company acquired a 100% interest in certain mineral claims (the NEBA West Prospect) totaling 920 acres located in the Golden Triangle of British Columbia for staking costs of \$651.

#### BC Gold Mountain Property

In April 2017, the Company acquired a 100% interest in three separate claim blocks (the "BC Gold Mountain Property") comprising of 1,245 acres near the town of Wells, British Columbia for staking costs of \$1,382.

In July 2018, the Company conducted an airborne work program on this property. The results from this airborne survey are expected in the coming weeks.

As at July 31, 2018, the Company had incurred a total of \$2,526 in claim maintenance fees on this property.

*BC Gold Triangle Prospects*

In July 2017, the Company acquired a 100% interest in four separate gold prospects (the “Gold Triangle Prospects”) totalling 4,092 acres located in the Golden Triangle gold District in British Columbia for staking costs of \$2,900.

In July 2018, the Company conducted the airborne work program on this property. The results from this airborne survey are expected in the coming weeks.

*BC Why West Magnesium Project and the Buddy Claims*

On October 5, 2017, the Company entered into a share purchase agreement with two arm’s length vendors (the “Why West Vendors”) to purchase 100% of the issued and outstanding common shares of 1136693 B.C. Ltd., which, through the Why West Vendors, held a 100% interest in the Why West Magnesium Project near Rossland, British Columbia, and the Buddy Claims in the golden triangle of British Columbia. The Why West Magnesium Project consists of approximately 1,500 contiguous acres and the Buddy Claims consists of approximately 4,400 contiguous acres, respectively. The acquisition has been accounted for as an asset acquisition.

On January 12, 2018, the Company amended the share purchase agreement dated October 5, 2017 with the Why West Vendors and settled the consideration through payment of various staking, legal and other costs associated with the transaction. The Company paid \$2,632 and \$3,108 in acquisition costs for the Why West Magnesium Project and the Buddy Claims, respectively.

In April 2018, the Company acquired a 100% interest in certain mineral claims in British Columbia to increase its land holdings on the Why West Magnesium Project to approximately 10,300 acres for staking costs of \$4,689.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in 2018.

*BC Henry Gold-Copper Prospects*

In August 2018, the Company acquired a 100% interest in two separate gold-copper prospects (the “Henry Gold-Copper Prospects”) totalling 1,989 acres located in the Golden Triangle Gold District in British Columbia for staking costs of \$3,481.

*QC Chibougamau Vanadium Prospects*

In June 2017, the Company acquired a 100% interest in five separate vanadium prospects, the “Chibougamau Vanadium Prospects”, all located in the direct vicinity of Lac Chibougamau, Quebec for staking costs of \$4,550. These five separate vanadium prospects comprise 71 separate claims totaling approximately 9,728 acres.

As disclosed in a news release dated August 24, 2018 the Company announced it is looking to start operations on the property. As at the date of the report, the work has not commenced yet.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in 2018.

## **Overall Performance**

The Company is a mineral exploration company engaged in the business of acquisition, exploration and, if warranted, development of mineral properties. The Company does not expect to generate any revenues in the foreseeable future or until a mineable reserve is defined and economically recoverable. The Company expects to continue to incur expenses as it works to further explore and develop its mineral properties.

The Company has conducted limited exploration on some of its properties, due to, among other things, the availability of sufficient funds for the purposes of mineral exploration and development, access to the property due to climate conditions, the uncertainties associated with the prices of precious and base metals and other minerals, and the global economic climate. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable.

The Company's future performance is largely tied to the outcome of future exploration and the overall financial markets. The recoverability of minerals from the Company's properties is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue to explore and develop its properties and upon future profitable production. Uncertainty in credit markets, fluctuation in commodity prices and general economic downturns has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulty raising equity financing for the purposes of exploration and development of the Company's properties, without diluting the interests of current shareholders of the Company. See "Liquidity and Capital Resources" and "Risks and Uncertainties" for a discussion of risk factors that may impact the Company's ability to raise funds.

Information about the Company's commitments relating to its mineral properties is discussed above under "Nature of Business – Mineral Properties".

The Company did not generate any revenue during the six months ended July 31, 2018 and 2017. The Company's net comprehensive loss increased from \$302,662 for the six months ended July 31, 2017 to \$512,160 for the six months ended July 31, 2018, mainly due to increased share-based payments and corporate branding expenses offset by a decrease in consulting fees. The Company had a working capital of \$62,290 and cash and cash equivalents of \$478,233 at July 31, 2018 as compared to a working capital of \$268,530 and cash of \$842,236 at January 31, 2018.

The Company's current assets have decreased to \$527,334 as at July 31, 2018 from \$917,019 as at January 31, 2018 due mainly to a decrease in cash and cash equivalents as well as a decrease in prepaid expenses. The Company's current liabilities have decreased to \$465,044 as at July 31, 2018 from \$648,489 as at January 31, 2018, mainly due to a decrease in accounts payable and accrued liabilities. The value ascribed to the Company's exploration and evaluation assets has increased from \$617,936 as at January 31, 2018 to \$926,564 as at July 31, 2018, due mainly to the exploration work performed in Nevada. As at July 31, 2018, the Company had an accumulated deficit of \$3,294,835 since inception. The Company expects to incur further losses in the development of its business, all of which casts substantial doubt on the Company's ability to continue as a going concern.

As a result, management believes that the Company's available funds may not be sufficient to meet its working capital requirements for the next twelve month period. Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans, or otherwise, to fund the Company's planned work programs on its mineral properties and ongoing operations. Although the Company has secured financings in the past,

there is no assurance that the Company will be able to do so in the future on terms that are favourable or at all. The Company may have difficulty raising additional funds as necessary due to a number of uncertainties and risk factors, including uncertainty in credit markets, fluctuation in commodity prices and general economic downturns. See “Liquidity and Capital Resources” and “Risks and Uncertainties” for a discussion of risk factors that may impact the Company’s ability to raise funds.

#### *Summary of Quarterly Results*

The following table sets out selected quarterly financial data for the eight most recently completed interim quarters:

	<b>2019 Second</b>	<b>2019 First</b>	<b>2018 Fourth</b>	<b>2018 Third</b>	<b>2018 Second</b>	<b>2018 First</b>	<b>2017 Fourth</b>	<b>2017 Third</b>
<b>Total revenues</b>	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
<b>Loss before discontinued operations and extraordinary items:</b>								
<b>Total</b>	\$(52,969)	\$(459,191)	\$(456,477)	\$(158,399)	\$(80,229)	\$(222,433)	\$(95,776)	\$(325,383)
<b>Loss per share</b>	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
<b>Loss per share fully diluted</b>	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
<b>Net comprehensive loss:</b>								
<b>Total</b>	\$(52,969)	\$(459,191)	\$(456,477)	\$(158,399)	\$(80,229)	\$(222,433)	\$(95,776)	\$(325,383)
<b>Loss per share</b>	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
<b>Loss per share fully diluted</b>	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

#### *Summary of Results During Prior Eight Quarters*

Net comprehensive loss decreased by \$229,607 from the third to the fourth quarter of 2017 primarily due to a decrease in write-down of intangible assets offset by an increase in consulting fees. Net comprehensive loss increased by \$126,657 from the fourth quarter of 2017 to the first quarter of 2018 primarily due to an increase of \$14,023 in share-based payments, of \$35,700 in corporate branding expenses and a decrease of \$80,000 in the recovery of intangible assets. Net comprehensive loss decreased by \$142,204 from the first to the second quarter of 2018 primarily due to a decrease of \$79,150 in consulting fees and a decrease of \$35,700 in corporate branding expenses. Net comprehensive loss increased by \$78,170 from the second to the third quarter of 2018 mainly due to an increase of \$86,698 in share-based payments offset by a decrease of \$25,450 in consulting fees. Net comprehensive loss increased by \$298,078 from the third to the fourth quarter of 2018 primarily due to an increase of \$306,066 in the write-down of exploration and evaluation assets. Net comprehensive loss slightly increased by \$2,714 from the fourth quarter of 2018 to the first quarter of 2019 primarily due to an increase of \$291,319 in share-based payments and an increase of \$49,543 in corporate branding expenses offset by a decrease of \$306,066 in the write-down of exploration and evaluation assets. Net comprehensive loss decreased by \$406,222 from the first to the second quarter of 2019 primarily due to a decrease of \$89,885 in corporate branding expenses and a decrease of \$291,319 in share-based payments.

*Three months ended July 31, 2018 Compared to the Three months ended July 31, 2017*

The Company did not generate any revenues for the three months ended July 31, 2018 and 2017. Net comprehensive loss decreased by \$27,260 from \$80,229 for the three months ended July 31, 2017 to \$52,969 for the three months ended July 31, 2018 due mainly to a decrease in operating expenses. The decrease in operating expenses during three months ended July 31, 2018 was mainly due to a decrease in consulting fees, which was offset by an increase in professional fees.

Consulting fees paid by the Company during the three months ended July 31, 2018 totaled \$9,000 as compared to \$55,850 for the three months ended July 31, 2017. Consulting fees generally include the following two categories: corporate and business advisory; and secretarial and exchange filing assistance services.

Total consulting fees during the three months ended July 31, 2018 consisted of \$9,000 (three months ended July 31, 2017: \$50,000) for business advisory services. Such payments were generally made to third party consultants for certain corporate advisory, strategic planning and related advisory services that assisted in project evaluation. The Company paid \$Nil (three months ended July 31, 2017: \$5,850) for internal secretarial and exchange filings assistance services. Consulting fees decreased because two consultants no longer work for the Company and the Company has streamlined its work and is not looking to replace those two consultants. The Company also reduced monthly consulting fees for the current consultants. Management anticipates that these consulting fees may stay at or near this decreased level in the next six to twelve month period.

Professional fees paid by the Company during the three months ended July 31, 2018 totaled \$24,986 as compared to \$9,173 for the three months ended July 31, 2017. The increase in professional fees was mainly due to an increase in legal fees (three months ended July 31, 2018: \$16,886; three months ended July 31, 2017: \$3,141). Higher legal fees were due to services rendered in relation to debt restructure and listing statement with Canadian Securities Exchange. Management anticipates that legal fees may stay at or near this level in the next six to twelve month period.

*Six months ended July 31, 2018 Compared to the Six months ended July 31, 2017*

The Company did not generate any revenues for the six months ended July 31, 2018 and 2017. Net comprehensive loss increased by \$209,498 from \$302,662 for the six months ended July 31, 2017 to \$512,160 for the six months ended July 31, 2018, mainly due to an increase in operating expenses. The increase in operating expenses during six months ended July 31, 2018 was mainly due to an increase in share-based payments as well as an increase in corporate branding expenses offset by a decrease in consulting fees.

Increased share-based payments (six months ended July 31, 2018: \$291,319; six months ended July 31, 2017: \$16,196) were due to the Company granted 5,000,000 stock options to its consultants at an exercise price of \$0.11 per share and an expiry date of February 16, 2019 during the six months ended July 31, 2018 as compared to 750,000 stock options were granted to its directors and consultants at an exercise price of \$0.05 per share and expiry dates ranging from November 30, 2017 to March 13, 2022 during the six months ended July 31, 2017. Subsequent to July 31, 2018, the Company granted 2,000,000 options to its directors and officers at an exercise price of \$0.05 per share for a period of one year. The Company may grant more options that are available under the approved stock option plan in the next 12 months period.

Corporate branding expenses increased during the six months ended July 31, 2018 to \$108,711 (six months ended July 31, 2017: \$35,700). Total corporate branding expenses of \$108,711 during the six months ended July 31, 2018 included the following:

- \$38,828 (six months ended July 31, 2017: \$35,700) for European marketing and news dissemination with Aktiencheck.de AG;
- \$16,500 (six months ended July 31, 2017: \$Nil) for lead generation and news dissemination with Dig Media Inc.;
- \$21,000 (six months ended July 31, 2017: \$Nil) for Google advertising with ExInfluence Media Corp.;
- \$24,226 (six months ended July 31, 2017: \$Nil) for Google banner advertisement branding;
- \$4,950 (six months ended July 31, 2017: \$Nil) for video version of news release with Investment Pitch Media; and
- \$3,207 (six months ended July 31, 2017: \$Nil) for other branding expenses.

The corporate branding expenses were incurred to increase the awareness of the Company and the mining industry in general. Management anticipates such expenses may be similar or to decrease slightly in the next 12 month period due to management's decision to decrease overall branding expenses, including a decision to decrease Google banner advertisement branding.

Consulting fees paid by the Company during the six months ended July 31, 2018 totaled \$19,475 as compared to \$190,850 for the six months ended July 31, 2017. Consulting fees generally include the following two categories: corporate and business advisory; and secretarial and exchange filing assistance services.

Total consulting fees during the six months ended July 31, 2018 consisted of \$18,000 (six months ended July 31, 2017: \$170,000) for business advisory services. Such payments were generally made to third party consultants for certain corporate advisory, strategic planning and related advisory services that assisted in project evaluation. The Company paid \$1,475 (six months ended July 31, 2017: \$20,850) for internal secretarial and exchange filings assistance services. Consulting fees decreased because two consultants no longer work for the Company and the Company has streamlined its work and is not looking to replace those two consultants. The Company also reduced monthly consulting fees for the current consultants. Management anticipates that these consulting fees will stay at or near this decreased level in the next six to twelve month period.

See "Nature of Business – Mineral Properties" for a discussion of the Company's mineral properties on a property by property basis, including its plans for the mineral properties, the status of its plans, expenditures made and the anticipated timing and costs to take its mineral properties to the next stage of the project plan.

See "Overall Performance" for a discussion of events, risks and uncertainties that the Company believes will materially affect its future performance and "Risks and Uncertainties" for a discussion of risk factors affecting the Company.



## Discussion of Operations

### *Use of Proceeds*

The table below provides an update as to the status of how the Company has previously announced a proposed use of proceeds from prior financings and the actual use of such proceeds.

<b>Financing</b>	<b>Previously Disclosed Use of Proceeds</b>	<b>Status of Use of</b>
\$750,000 Non flow-through	Non flow-through funds - towards working capital and a work program in Nevada.	As of the date of this report, for the non flow-through funds, \$301,413 was used to fund a work program in Nevada, \$35,215 was used for mineral properties in BC, \$47,597 was used in share issue costs, \$17,060 was used in DTC filing fees, \$282,928 was used in working capital and \$94,057 has not been used; and \$221,200 in flow-through funds has not been used.
\$249,200 Flow-through <i>January 2018 Private Placement</i>	Flow-through funds - towards existing Canadian properties.	

In December 2017, the Company announced a private placement of up to 3,846,154 FT Units at \$0.065 per unit for gross proceeds of up to \$250,000 and of up to 15,000,000 non flow-through units (the "NFT Units") at \$0.05 per unit for gross proceeds of up to \$750,000. Each FT unit consists of one flow-through common share and one non flow-through share purchase warrant which entitles the holder to purchase one non flow-through common share at a price of \$0.10 for a period of two years from the date of closing of the private placement. Each NFT unit consists of one common share and one share purchase warrant which entitles the holder to purchase one additional common share at a price of \$0.08 for a period of three years from the date of closing of the private placement. As of January 31, 2018, the Company had issued 3,833,845 FT Units and 15,000,000 NFT Units, received a total of \$523,000 in NFT and \$156,700 in FT share subscription, paid filing fees of \$750 and finders' fees of \$40,576, and issued 733,908 broker warrants in connection with this private placement. Each broker warrant is exercisable at \$0.10 per share until January 29, 2020. The broker warrants were valued at \$62,333 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 181.2%, risk-free interest rate 2.07% and an expected life of two years. In February 2018, the Company received the remaining proceeds of \$227,000 and \$92,500 relating to the NFT and FT share subscription, respectively, and incurred filing fees of \$6,271 in connection with this private placement.

## Liquidity and Capital Resources

### *Liquidity*

The Company had a working capital of \$62,290 and cash and cash equivalents of \$478,233 at July 31, 2018 as compared to a working capital of \$268,530 and cash of \$842,236 at January 31, 2018.

The Company's current assets have decreased to \$527,334 as at July 31, 2018 from \$917,019 as at January 31, 2018 due mainly to a decrease in cash and cash equivalents as well as a decrease in prepaid expenses. The Company's current liabilities have decreased to \$465,044 as at July 31, 2018 from \$648,489 as at January 31, 2018, mainly due to a decrease in accounts payable and

accrued liabilities. The value ascribed to the Company's exploration and evaluation assets has increased from \$617,936 as at January 31, 2018 to \$926,564 as at July 31, 2018, due mainly to the exploration work performed in Nevada..

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During the six months ended July 31, 2018, the Company received gross proceeds of \$10,000 for 200,000 stock options exercised at \$0.05 per share.

Management believes that the Company's cash and cash equivalents will not be sufficient to meet its working capital requirements for the next twelve month period. As a mineral exploration company, expenses are expected to increase as the Company explores its mineral properties further; however, management does not expect the Company to generate revenues in the foreseeable future.

The Company's ability to conduct the planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they become due is dependent, in large part, on the ability of its management to raise additional funds as necessary. Management anticipates that additional equity financings will need to be conducted to raise additional funds which, if successful, will result in dilution in the equity interests of the Company's current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase its liabilities and future cash commitments. Although the Company has secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that are favourable to the Company or at all. The Company's ability to raise additional funds in the future and its liquidity may be negatively impacted by a number of factors, including changes in commodity prices, market volatility and general economic downturns.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of its business is dependent upon obtaining further long-term financing, successful exploration of its mineral property interests, the identification of reserves sufficient to warrant development, successful development of its property interests and achieving a profitable level of operations. Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in their report on the Company's audited financial statements for the year ended

January 31, 2018, the independent auditors included an explanatory paragraph regarding their substantial doubt about the Company's ability to continue as a going concern.

The Company has no long-term debt.

#### *Capital Resources*

The Company has the following commitments for capital expenditures with respect to its mineral properties as of July 31, 2018. The expenditures are optional and the Company may decide not to incur such payments in the event the Company does not decide to pursue further exploration with respect to such properties.

- *BC Gold Mountain Property:*
  - Three mineral claims will expire on January 31, 2019. In order to keep these claims in good standing, the Company is required to incur a minimum of \$2,520 in exploration expenditures on these claims by January 31, 2019 or to pay cash-in-lieu of \$5,039.
- *BC Gold Triangle Prospects:*
  - Four mineral claims will expire on July 26, 2019. In order to keep these claims in good standing, the Company is required to incur a minimum of \$8,285 in exploration expenditures on these claims by July 26, 2019 or to pay cash-in-lieu of \$16,570.
- *BC EL North and EL North 2 Nickel-Copper Prospects:*
  - Two mineral claims will expire on September 6, 2019. In order to keep these claims in good standing, the Company is required to incur a minimum of \$8,262 in exploration expenditures on these claims by September 6, 2019 or to pay cash-in-lieu of \$16,524.
- *BC Henry Gold-Copper Prospects:*
  - Two mineral claims will expire on August 14, 2019. In order to keep these claims in good standing, the Company is required to incur a minimum of \$9,946 in exploration expenditures on these claims by August 14, 2019 or to pay cash-in-lieu of \$19,892.
- *BC NEBA Copper-Gold Prospect:*
  - One mineral claim will expire on September 12, 2019. In order to keep this claim in good standing, the Company is required to incur a minimum of \$6,178 in exploration expenditures on this claim by September 12, 2019 or to pay cash-in-lieu of \$12,356.
- *BC Buddy Property:*
  - One mineral claim will expire on January 31, 2019. In order to keep this claim in good standing, the Company is required to incur a minimum of \$8,880 in exploration expenditures on this claim by January 31, 2019 or to pay cash-in-lieu of \$17,761.

- *BC Why West Magnesium Prospect:*
  - Three mineral claims will expire on January 31, 2019. In order to keep these claims in good standing, the Company is required to incur a minimum of \$20,917 in exploration expenditures on these claims by January 31, 2019 or to pay cash-in-lieu of \$41,834.
  
- *QC Chibougamau Vanadium Prospects:*
  - 71 mineral claims are in good standing until August 1, 2019. In order to renew these claims for another two years, the Company is required to incur a minimum of \$55,380 in exploration on these claims by May 31, 2019 or pay it in annual rental income to the Minister of Finance by August 1, 2019. Fees associated with these claims are \$4,550 if paid by May 31, 2019 otherwise the fee will be doubled to \$9,101 if paid between June 1, 2019 and August 1, 2019.
  
- *Nevada Elon and McGee Properties:*
  - Subsequent to July 31, 2018, the Company paid US\$2,170 in BLM fees to renew the Elon claims. The Elon claims are now in good standing until September 1, 2019.
  - The McGee claims are in good standing until September 1, 2019. In order to keep these claims in good standing, the Company is required to pay BLM fees of US\$6,820 by September 1, 2019.

See “Nature of Business – Mineral Properties” for a discussion of the Company’s capital expenditure commitments with respect to its mineral properties.

#### *Operating Activities*

During the six months ended July 31, 2018, operating activities used \$327,444 in cash. The use of cash for the six months ended July 31, 2018 was mainly attributable to its loss for the period of \$512,160 and to decreased accounts payable and accrued liabilities of \$153,813, offset mainly by share-based payments of \$291,319 and decreased prepaid expenses of \$51,830.

During the six months ended July 31, 2017, operating activities used \$73,900 in cash. The use of cash for the six months ended July 31, 2017 was mainly attributable to its loss for the period of \$302,662, offset mainly by share-based payments of \$16,196 and increased accounts payable and accrued liabilities of \$211,154.

#### *Investing Activities*

During the six months ended July 31, 2018, investing activities used cash of \$336,628 in exploration and evaluation costs consisting of exploration work totaling \$301,413 performed on its McGee Properties in Nevada; staking costs of \$4,689 for BC Why West Magnesium Project; claim maintenance fees of \$2,526 to renew the BC Gold Mountain claims; and survey costs of \$28,000 incurred for the properties in BC.

During the six months ended July 31, 2017, investing activities used cash of \$11,356 due to staking costs incurred on the Gold Mountain property in BC.

### *Financing Activities*

During the six months ended July 31, 2018, financing activities provided cash of \$300,069, which was attributable to share subscriptions received for a private placement of \$319,500 and gross proceeds of \$10,000 for 200,000 stock options exercised at \$0.05 per share, offset by share issue costs of \$29,431.

During the six months ended July 31, 2017, financing activities provided cash of \$67,000, which was attributable to proceeds of \$20,000 from loan advances and \$47,000 from the exercise of 2,350,000 share purchase warrants at a price of \$0.02 per share.

### **Changes in Accounting Policies including Initial Adoption**

#### *New accounting standards adopted during the period*

##### *IFRS 9 – Financial Instruments (“IFRS 9”)*

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments.

The amended standard was adopted on February 1, 2018 and it did not have a significant impact on the Company’s condensed consolidated interim financial statements.

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **Related Parties Transactions**

During the six months ended July 31, 2018, the Company paid \$15,000 in professional fees to Sea Star Consulting Inc., a private company controlled by the Chief Financial Officer, Cindy Cai, in consideration for accounting services provided to the Company.

As at July 31, 2018, amounts due to related parties were \$10,480 (January 31, 2018: \$10,879), which included \$480 due to Cruz Cobalt Corp., a public company with directors in common for unpaid office expenses; \$7,500 owing to three directors for unpaid directors’ fees, being \$2,500 each payable to James Nelson, Dennis Aalderink and Gregory Thomson; and \$2,500 payable to a former director, Spencer Smyl, for unpaid directors’ fees. These amounts are unsecured, non-interest bearing and payable on demand.

During the six months ended July 31, 2018, the Company reimbursed Makena Resources Inc., a public company with one common director, in the amount of \$Nil (six months ended July 31, 2017: \$3,433) for service provided by the Chief Financial Officer.

All transactions with related parties have occurred and are measured at the amount of consideration established and agreed to by the related parties.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company's current financial instruments will not be affected foreign exchange risk, credit risk, interest rate risk and price risk s. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

### **Proposed Transactions**

Other than as disclosed herein, the Company does not have any proposed transactions as of the date of this report.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

During the six months ended July 31, 2018 and 2017, the Company incurred the following expenses:

	<b>2018</b>	<b>2017</b>
Capitalized acquisition costs	\$4,689	\$8,832
Capitalized exploration costs	\$303,939	\$2,524
Operating expenses	\$518,990	\$302,662

Please refer to Note 6 in the condensed consolidated interim financial statements for the six months ended July 31, 2018 for a description of the capitalized acquisition and exploration costs presented on a property-by-property basis.

### **Disclosure of Outstanding Share Data**

#### *Common Shares*

The Company's common shares are listed on the TSX Venture Exchange under the symbol "SRJ". The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at July 31, 2018 and September 6, 2018, the Company had 129,795,847 common shares issued and outstanding.

#### *Stock options*

As at July 31, 2018, the Company had 8,875,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
1,050,000	\$0.05	October 3, 2018
725,000	\$0.05	October 8, 2018
5,000,000	\$0.11	February 16, 2019
50,000	\$0.05	June 4, 2019
1,400,000	\$0.05	May 24, 2021
400,000	\$0.05	May 30, 2021
250,000	\$0.05	March 13, 2022
8,875,000		

Subsequent to July 31, 2018, the Company granted 2,000,000 stock options to its directors and officers at an exercise price of \$0.05 per share for a period of one year. As at September 6, 2018, the Company had 10,875,000 stock options outstanding.

#### *Share Purchase Warrants*

As of July 31, 2018 and September 6, 2018, the Company had 21,967,753 share purchase warrants outstanding. Each warrant entitles the holder to right to purchase one common share as follows:

Outstanding	Exercise Price	Expiry Date
4,567,753	\$0.10	January 29, 2020
15,000,000	\$0.08	January 29, 2021
2,400,000	\$0.05	September 21, 2021
21,967,753		

#### **Risks and Uncertainties**

*Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.*

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of the properties may not result in the discovery of any mineral deposits. Any expenditure that the Company may make in the exploration of any other mineral property that the Company may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful and/or expensive exploration efforts. If the results of the exploration do not reveal viable commercial mineralization, the Company may decide to abandon or sell some or all of the property interests.

*Because of the speculative nature of the exploration of mineral properties, there is no assurance that the exploration activities will result in the discovery of any quantities of mineral deposits on the current properties or any other additional properties the Company may acquire.*

The Company intends to continue exploration on the current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on the current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on the properties, the Company's ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

*Because of the inherent dangers involved in mineral exploration and exploitation, there is a risk that the Company may incur liability or damages as the Company conducts business.*

The search for mineral deposits involves numerous hazards. As a result, the Company may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which the Company may elect not to insure. At the present time the Company have no coverage to insure against these hazards. The payment of such liabilities may have a material adverse effect on the Company's financial position.

*The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.*

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explore, the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving any return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

*Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.*

Exploration and exploitation activities are subject to foreign, federal, provincial, and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to foreign, federal, provincial, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Properties may also be subject to complex Aboriginal claims.

Environmental and other legal standards imposed by foreign, federal, provincial, or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase costs of doing so, which would have material adverse effects on the Company's business. Moreover, compliance with such laws may cause substantial delays



or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company, especially, foreign laws and regulations. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on business.

*Because the Company's property interests may not contain any mineral deposits and because the Company has never made a profit from operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.*

The Company's securities must be considered highly speculative, generally because of the nature of its business and the stage of exploration. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this Management's Discussion and Analysis. Accordingly, the Company has not generated any revenues nor has the Company realized a profit from operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on current properties or mineral deposits on any additional properties that the Company may acquire and subsequent development. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of the Company's securities may decline and investors may lose all of their investment in the Company.

*As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with its competitors for financing and for qualified managerial and technical employees.*

Competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company have. As a result of this competition, the Company may have to compete for financing and be unable to conduct any financing on terms the Company considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the exploration programs may be slowed down or suspended, which may cause operations to cease as a company.

*The Company has a history of losses and have a deficit, which raises substantial doubt about its ability to continue as a going concern.*

The Company has not generated any revenues during the six months ended July 31, 2018 and 2017. The Company will continue to incur operating expenses without revenues if and until the Company engages in commercial operations. Accumulated loss as of July 31, 2018 was \$3,294,835 since inception. The Company had cash and cash equivalents in the amount of \$478,233 as at July 31, 2018. The Company estimates the average monthly operating expenses to be approximately \$30,000 each month. This estimate depends on whether the Company is active or inactive with the work programs. The Company cannot provide assurances that the Company

will be able to successfully explore and develop its property interests. These circumstances raise substantial doubt about its ability to continue as a going concern, which was also described in an explanatory paragraph to the independent auditors' report on the Company's audited financial statements, January 31, 2018. If the Company is unable to continue as a going concern, investors will likely lose all of their investments in the Company.

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.*

There is no assurance that the Company will operate profitably or will generate any positive cash flow in the future. The Company will require additional financing in order to proceed with the exploration and, if warranted, development of its properties. The Company will also require additional financing for fees the Company must pay to maintain its status in relation to the rights to the properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if the Company is not successful in earning revenues. The Company will also need further financing if the Company decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing as the Company believes that it is sufficiently funded for the current operations but in future the Company expects to raise additional capital as the needs arise. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the Company's directors and officers will exercise their fiduciary duties and duty of care but nonetheless may not be able to devote sufficient time to the Company's business affairs, which may negatively affect the Company's ability to conduct ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of the Company's officers' other business interests.

## RISKS RELATING TO THE COMPANY'S COMMON STOCK

*A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact ability to continue operations.*

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of operations have been and will be financed through the continued sale of equity securities, a decline in the price of the common stock could be especially detrimental to liquidity and operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on business plans and operations, including the ability to continue current operations. If the Company's stock price declines, the Company can offer no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue normal operations or become insolvent.

The market price for the Company's common stock may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of its common stock and its operations as a result.

**Additional Information**

The Company files annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at <http://www.sedar.com>.