

# **SPEARMINT RESOURCES INC.**

## **Management's Discussion and Analysis**

**For the year ended January 31, 2019**

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Date of Report: May 29, 2019

The following discussion and analysis of the Company's financial condition and results of operations for the year ended January 31, 2019, should be read in conjunction with its audited 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 involved in the identification, acquisition and exploration of mineral properties that management deems as potentially viable to assist in the growth of the Company. At January 31, 2019, the Company had mineral property interests 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.

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 January 31, 2019, the Company had incurred a total of \$8,788 in claim maintenance fees on the Elon Property and \$373,196 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, EL North 2 and EL North 3 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.

Subsequent to January 31, 2019, the Company acquired a 100% interest in certain mineral claims (the “EL North 3 Nickel-Copper Prospect”) in the Golden Triangle of British Columbia for staking costs of \$280. This prospect consists of 395 contiguous acres.

As at January 31, 2019, the Company had incurred a total of \$17,364 in exploration costs on this property.

BC NEBA Copper-Gold Prospects

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 August 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.

On October 5, 2018, the Company entered into a share purchase agreement (the “SPA”) with two arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding shares of 1177905 B.C. Ltd., which holds a 100% interest in certain mineral claims in B.C. (the “NEBA Copper-Gold Prospects”, the “Nickle N. Property”, and the “Gold Triangle Prospects”). The acquisition has been accounted for as an asset acquisition. In consideration, the Company issued 18,000,000 shares (issued at a value of \$540,000) to the Vendors pursuant to the SPA. 1177905 B.C. Ltd. became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between these properties.

As at January 31, 2019, the Company had incurred a total of \$20,335 in exploration costs on this property.

BC Nickel N. Property

In October 2018, the Company indirectly acquired a 100% interest in certain mineral claims in British Columbia under the SPA.

BC Safari Copper-Gold Property

In October 2018, the Company acquired a 100% interest in a district size claims package consisting of 9,007 contiguous acres located in the northern Quesnel Trough in north-central British Columbia for staking costs of \$6,381.

BC Hammernose Gold Property

In October 2018, the Company acquired a 100% interest in certain mineral claims consisting of 5,140 acres in the Spences Bridge gold belt located in southern British Columbia for staking costs of \$3,640.

BC Henry Gold-Copper Prospect

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

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.

As at January 31, 2019, the Company had incurred a total of \$4,581 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.

In October 2018, the Company indirectly acquired a 100% interest in certain mineral claims in British Columbia under the SPA.

As at January 31, 2019, the Company had incurred a total of \$20,583 in exploration costs on this property.

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.

During the year ended January 31, 2019, the Company decided not to continue with the Why West Magnesium Project and the Buddy Claims. Accordingly, prior acquisition costs of \$7,321 and \$3,108 respectively, were written off during the year.

*QC Chibougamau Vanadium Prospects*

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

In December 2018 and January 2019, the Company increased its acreage in this district to consolidate the four separate prospects into one contiguous property now consisting of 13,985 acres for staking costs of \$3,031.

As disclosed in a news release on February 1, 2019, the Company announced that it has received the remainder of the airborne data. The results of the Company's airborne magnetic geophysical survey define an approximately nine km northeast-trending linear magnetic anomaly coincident with the southern margin of the Lac Dore anorthosite on the north arm of the Chibougamau anticline. A second parallel linear magnetic anomaly occurs in the easternmost area of the claims along the southern limb of the Chibougamau anticline within rocks regionally mapped as Lac Dore anorthosite. These and other linear positive linear magnetic anomalies defined by the Company's airborne geophysical survey warrant ground follow-up to establish the nature of the anomalies, and if they host layered magnetite-bearing anorthosite-gabbro rocks.

Subsequent to January 31, 2019, the Company increased its acreage in this district by 2,190 acres to a total of 16,175 contiguous acres for staking costs of \$457.

As of January 31, 2019, the Company had incurred a total of \$87,036 in exploration costs on this property.

Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans, or otherwise, to fund further work programs 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.

*QC Lithium Properties*

*QC Whabouchi Lakes Lithium Property*

In March 2016, the Company acquired the Whabouchi Lakes Lithium Property, located in the James Bay area of the province of Quebec, for staking costs of \$1,068.

*QC Whabouchi Lakes West Lithium Property*

In April 2016, the Company acquired the Whabouchi Lakes West Lithium Property, located in the James Bay area of the province of Quebec, for staking costs of \$1,193.

*QC Preissac Lithium Property*

On May 17, 2016, the Company entered into a share purchase agreement (the “Agreement”) with four arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding common shares of Indefinitely Lithium Holdings Corp., which holds a 100% interest in the Preissac Lithium Property in Quebec. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company paid \$10,000 in cash and issued 8,000,000 common shares at a value of \$280,000 to the Vendors pursuant to the Agreement. The Company also paid \$2,500 in filing fees in connection with this transaction. Indefinitely Lithium Holdings Corp. became a wholly-owned subsidiary of the Company.

In February and April 2018, the Company decided to drop all the above three lithium properties in Quebec and fully wrote off prior acquisition and exploration costs totaling \$306,066 as of January 31, 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 year ended January 31, 2019 and 2018. The Company’s net comprehensive loss decreased from \$917,538 for the year ended January 31, 2018 to \$768,576 for the year ended January 31, 2019, mainly due to a decrease in consulting fees and a decrease in write-down of exploration and evaluation assets offset by an increase in share-based payments. The Company had a working capital of \$135,336 and cash and cash equivalents of \$230,989 at January 31, 2019 as compared to a working capital of \$268,530 and cash of \$842,236 at January 31, 2018.



*Summary of Results During Prior Eight Quarters*

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. Net comprehensive loss increased by \$132,974 from the second to the third quarter of 2019 primarily due to an increase in share-based payments. Net comprehensive loss decreased by \$115,470 from the third to the fourth quarter of 2019 primarily due to a decrease of \$125,536 in share-based payments.

**Selected Annual Information**

The following table sets out selected financial information for our company, which have been prepared in accordance with IFRS:

	<b>Year ended January 31,</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total revenues</b>	\$Nil	\$Nil	\$Nil
<b>Loss before discontinued operations and extraordinary items:</b>			
<b>Total</b>	\$(768,576)	\$(917,538)	\$(718,648)
<b>Basic and diluted loss per share</b>	\$(0.01)	\$(0.01)	\$(0.01)
<b>Net loss and comprehensive loss:</b>			
<b>Total</b>	\$(768,576)	\$(917,538)	\$(718,648)
<b>Basic and diluted loss per share</b>	\$(0.01)	\$(0.01)	\$(0.01)

	<b>As at January 31,</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total assets</b>	\$1,891,665	\$1,546,053	\$884,249
<b>Total long term debt</b>	\$Nil	\$Nil	\$Nil
<b>Cash dividends</b>	\$Nil	\$Nil	\$Nil



*Year ended January 31, 2019 Compared to the Year ended January 31, 2018*

The Company did not generate any revenues for the years ended January 31, 2019 and 2018. Net comprehensive loss decreased by \$148,962 from \$917,538 for the year ended January 31, 2018 to \$768,576 for the year ended January 31, 2019, mainly due to a decrease in the write-down of exploration and evaluation assets (year ended January 31, 2019: \$10,429; year ended January 31, 2018: \$306,066) offset by an increase in operating expenses. The increase in operating expenses during the year ended January 31, 2019 was mainly due to an increase in share-based payments and corporate branding expenses, offset by a decrease in consulting fees.

Increased share-based payments (year ended January 31, 2019: \$421,441; year ended January 31, 2018: \$105,067) were due to the Company granted 10,000,000 stock options to its directors and consultants with exercise prices ranging from \$0.05 to \$0.11 per share and expiry dates ranging from February 16, 2019 to October 15, 2019 during the year ended January 31, 2019 as compared to 4,250,000 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 year ended January 31, 2018. 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 year ended January 31, 2019 to \$118,229 (year ended January 31, 2018: \$89,580). Total corporate branding expenses of \$118,229 during the year ended January 31, 2019 included the following:

- \$38,827 (year ended January 31, 2018: \$74,325) for European marketing and news dissemination with Aktiencheck.de AG;
- \$20,625 (year ended January 31, 2018: \$12,375) for lead generation and news dissemination with Dig Media Inc.;
- \$21,000 (year ended January 31, 2018: \$Nil) for Google advertising with ExInfluence Media Corp.;
- \$28,475 (year ended January 31, 2018: \$Nil) for Google banner advertisement branding;
- \$4,950 (year ended January 31, 2018: \$Nil) for video version of news release with Investment Pitch Media; and
- \$4,352 (year ended January 31, 2018: \$2,880) 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 year ended January 31, 2019 totaled \$37,475 as compared to \$255,058 for the year ended January 31, 2018. Consulting fees generally include the following two categories: corporate and business advisory; and secretarial and exchange filing assistance services.

Total consulting fees during the year ended January 31, 2019 consisted of \$36,000 (year ended January 31, 2018: \$230,000) 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 (year ended January 31, 2018: \$24,600) 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.

*Year ended January 31, 2018 Compared to the Year ended January 31, 2017*

The Company did not generate any revenues for the years ended January 31, 2018 and 2017. Net comprehensive loss was \$917,538 for the year ended January 31, 2018, compared to \$718,648 for the year ended January 31, 2017. The increase was mainly due to an increase in the write-down of exploration and evaluation assets (year ended January 31, 2018: \$306,066; year ended January 31, 2017: \$111,291) and an increase in operating expenses offset by a decrease in the write-down of intangible assets (year ended January 31, 2018: \$Nil; year ended January 31, 2017: \$124,000). In February and April 2018, the Company decided to drop the Whabouchi Lakes Lithium Property, the Whabouchi Lakes West Lithium Property and the Preissac Lithium Property. A total of \$306,066 in prior acquisition costs and exploration costs were written off as of January 31, 2018. During the year ended January 31, 2017, the Company decided to drop the Otter Property and fully wrote off the prior acquisition and exploration costs in the amount of \$111,291; and the Company decided not to proceed with the software application concept and accordingly wrote off the total acquisition costs of \$124,000.

Operating expenses increased by \$132,486 from \$482,569 for the year ended January 31, 2017 to \$615,055 for the year ended January 31, 2018. The increase in operating expenses was mainly due to an increase in consulting fees, transfer agent and filing fees, and corporate branding expenses. Consulting fees increased to \$255,058 (year ended January 31, 2017: \$225,000). Consulting fees during 2018 consisted of \$230,000 for services provided in association with certain corporate advisory, corporate finance, strategic planning, M&A strategy and related advisory services, \$24,600 for services provided in association with certain corporate secretarial and exchange filings assistance and \$458 for other consulting services. Consulting fees increased because of the increased corporate activity, transactions and financings in fiscal 2018. Management anticipates such expenses will decrease significantly in the next 12 month period 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. Transfer agent and filing fees increased to \$41,268 (year ended January 31, 2017: \$21,813). Transfer agent and filing fees increased because the Company incurred \$10,685 in German dual listing fees which was a one-time charge and incurred a total of \$7,019 in option plan filing fees which included filing fees for two fiscal years, fiscal 2017 and fiscal 2018. Management anticipates such expenses will decrease in the next 12 month period. Corporate branding expenses increased to \$89,580 (year ended January 31, 2017: \$2,500) because the Company incurred \$74,325 (year ended January 31, 2017: \$Nil) for a European branding program, \$12,375 (year ended January 31, 2017: \$Nil) for lead generation and news dissemination, and \$2,880 (year ended January 31, 2017: \$2,500) for news dissemination. The corporate branding expenses were incurred to increase the awareness of the Company and the mining industry in general. Management anticipates such expenses will increase in the next 12 month period due to a proposed increase in Google banner advertisement branding and a continued European branding program. These expenses represent the costs of administering a public company.

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>
\$249,200 Flow-through <i>January 2018 Private Placement</i>	Flow-through funds - towards existing Canadian properties.	For the flow-through funds, \$149,935 was used in exploration expenditures in BC and Quebec and \$99,265 has not been used.

In January 2018, the Company had issued 3,833,845 FT Units at \$0.065 per unit and received a total of \$156,700 in FT share subscription. 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. In February 2018, the Company received the remaining proceeds of \$ \$92,500 relating FT share subscription.

## Liquidity and Capital Resources

### *Liquidity*

The Company had a working capital of \$135,336 and cash and cash equivalents of \$230,989 at January 31, 2019 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 \$238,353 as at January 31, 2019 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 \$103,017 as at January 31, 2019 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 \$1,642,214 as at January 31, 2019, due mainly to the exploration work performed in Nevada, B.C. and Quebec, and the acquisition of new property interests as described above.

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. The premium received on the flow-through shares issued was determined to be \$57,508 and was recorded as a share capital reduction. An equivalent premium liability was also recorded as of year-end. 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 \$6,271 in connection with this private placement.

During the year ended January 31, 2019, 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 may 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 January 31, 2019. 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 October 17, 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 October 17, 2019 or to pay cash-in-lieu of \$5,039.
  
- *BC Gold Triangle Prospects:*
  - Two mineral claims will expire on September 30, 2019. In order to keep these claims in good standing, the Company is required to incur a minimum of \$10,254 in exploration expenditures on these claims by September 30, 2019 or to pay cash-in-lieu of \$20,507.
  - 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, EL North 2 and EL North 3 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.
  - One mineral claim will expire on March 28, 2020. In order to keep this claim in good standing, the Company is required to incur a minimum of \$800 in exploration expenditures on these claims by March 28, 2020 or to pay cash-in-lieu of \$1,599.
  
- *BC Nickle N.Property:*
  - Three mineral claims will expire on September 30, 2019. In order to keep these claims in good standing, the Company is required to incur a minimum of \$26,529 in exploration expenditures on these claims by September 30, 2019 or to pay cash-in-lieu of \$53,057.
  
- *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 Prospects:*
  - Three mineral claims will expire on July 28, 2019 or later. In order to keep these claims in good standing, the Company is required to incur a minimum of \$15,633 in exploration expenditures on these claims by July 28, 2019 or to pay cash-in-lieu of \$31,267.

- *BC Safari Copper-Gold Property:*
  - Two mineral claims will expire on October 18, 2019 or later. In order to keep these claims in good standing, the Company is required to incur a minimum of \$18,230 in exploration expenditures on these claims by October 18, 2019 or to pay cash-in-lieu of \$36,459.
  
- *BC Hammernose Gold Property:*
  - One mineral claim will expire on October 31, 2019 or later. In order to keep this claim in good standing, the Company is required to incur a minimum of \$10,399 in exploration expenditures on this claim by October 31, 2019 or to pay cash-in-lieu of \$20,798.
  
- *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. The Company is in the middle of filing a report with Ontario to renew these claims for another two years.
  
  - 54 mineral claims are in good standing until January 8, 2021 or later. In order to renew these claims for another two years, the Company is required to incur a minimum of \$64,800 in exploration on these claims by November 7, 2019 or pay it in annual rental income to the Minister of Finance by January 8, 2021. Fees associated with these claims are \$3,524 if paid by November 7, 2019 otherwise the fee will be doubled to \$7,047 if paid between November 8, 2019 and January 8, 2021.
  
- *Nevada Elon and McGee Properties:*
  - The Elon 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\$2,170 by 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 year ended January 31, 2019, operating activities used \$419,950 in cash. The use of cash for the year ended January 31, 2019 was mainly attributable to its loss for the period of \$768,576 and to decreased accounts payable and accrued liabilities of \$111,691, offset mainly by share-based payments of \$421,441 and decreased prepaid expenses of \$69,223.

During the year ended January 31, 2018, operating activities used \$330,525 in cash. The principal source of this amount was the loss for the period of \$917,538, offset mainly by share-based payments of \$105,067, the write-down of exploration and evaluation assets associated with the Whabouchi Lakes Lithium Property, the Whabouchi Lakes West Lithium Property and the Preissac Lithium Property in the aggregate amount of \$306,066 and an increase in accounts payable and accrued liabilities of \$245,346.

#### *Investing Activities*

During the year ended January 31, 2019, investing activities used cash of \$491,366 in exploration and evaluation costs consisting of exploration work totaling \$322,935 performed on its McGee Properties in Nevada; staking costs totaling \$21,318 for mineral interests in BC and Quebec; and aggregate exploration expenditures of \$147,113 incurred for the properties in BC and Quebec.

During the year ended January 31, 2018, investing activities used cash of \$84,498 in exploration and evaluation costs consisting of staking costs of \$2,892 in BC EL N. and EL N. 2 Nickle-Copper Prospects, \$2,162 in BC NEBA Copper-Gold Prospect, \$1,382 in BC Gold Mountain Property, \$2,900 in BC Gold Triangle Prospects and \$4,550 in QC Vanadium Prospects; acquisition costs of \$3,108 and \$2,632 for its BC Buddy Property and BC Why West Magnesium Project, respectively; a security deposit of \$11,098 in relation to the drilling of its Elon and McGee Properties; and cash acquisition costs of \$38,939 and exploration costs of \$14,835 on the Nevada Elon and McGee Properties.

#### *Financing Activities*

During the year ended January 31, 2019, 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 year ended January 31, 2018, financing activities provided cash of \$1,232,512, which was attributable to gross proceeds of \$402,000 for 2,350,000 share purchase warrants exercised at \$0.02 per share and 7,100,000 share purchase warrants exercised at \$0.05 per share, gross proceeds of \$260,000 for 5,200,000 stock options exercised at \$0.05 per share, loan advances of \$70,000, and share subscriptions received for a private placement of \$679,700, offset by loan repayments of \$160,200, interest paid of \$822 and share issue costs of \$18,166.

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

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

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

The Company has adopted new accounting standard *IFRS 9 - Financial Instruments*, effective February 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and financial liabilities. This standard replaces *IAS 39 - Financial Instruments: Recognition and Measurement*.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. IFRS allows for an exemption from restating prior periods in respect of the standard's classification and measurement requirements.

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument. For financial liabilities, the new standard retains most of the requirements of IAS 39, except that fair value changes due to changes in an entity's own credit risk are recorded in other comprehensive income rather than in net earnings.

Upon adoption of IFRS 9, the Company has changed its accounting policy for financial instruments as follows:

### **Classification**

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity instruments that are held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.



The Company completed an assessment of its financial assets and liabilities as at January 31, 2019. The adoption of IFRS 9 has no quantitative impact on the Company's financial instruments as at January 31, 2019.

However, it has an impact on the classification of the Company's financial instruments compared to the old standard IAS 39 as follows:

<b>Asset or Liability</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash and cash equivalents	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

## **Measurement**

### Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

### Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

#### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

#### **Financial assets at amortized cost**

These assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

#### **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

#### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

### Impairment of financial instruments

The Company assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss impairment model. On adoption of the expected credit loss model there was no material adjustment.

### ***Accounting standards issued but not yet effective***

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

### *IFRS 16 – Leases*

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The adoption of this new standard is not expected to have a significant impact on the Company's consolidated financial statements.

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

The Company does not utilize off-balance sheet arrangements.

### **Related Parties Transactions**

During the year ended January 31, 2019, the Company accrued \$7,500 in directors' fees payable to three directors, James Nelson, Dennis Alderink and Gregory Thomson. Directors' fees and share-based payments are intended to compensate such persons for their time and dedication to the Company.

During the year ended January 31, 2019, the Company paid \$30,000 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.

During the year ended January 31, 2019, the Company incurred share-based payments of \$89,118 to three directors (James Nelson, Gregory Thomson and Dennis Alderink) and two officers (Seth Kay and Cindy Cai). As a mineral exploration issuer, the Company partially relies on the issuance of stock options to compensate its directors and officers for their time and dedication to the Company.

As at January 31, 2019, amounts due to related parties were \$18,055 (January 31, 2018: \$10,879), which included \$555 due to James Nelson for unpaid office expenses; \$15,000 owing to three directors for unpaid directors' fees, being \$5,000 each payable to James Nelson, Dennis Alderink 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 year ended January 31, 2019, the Company reimbursed Makena Resources Inc., a public company with one common director, in the amount of \$Nil (year ended January 31, 2018: \$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.

#### **Fourth Quarter - Unaudited**

The Company did not have any revenue during the three months ended January 31, 2019 and 2018. The Company had net comprehensive loss of \$70,473 for the three months ended January 31, 2019 as comparing to \$456,477 for the comparative period ended January 31, 2018. The decrease in net comprehensive loss was mainly due to a decrease in the write-down of exploration and evaluation assets (three months ended January 31, 2019: \$10,429; three months ended January 31, 2018: \$306,066) as well as a decrease in operating expenses.

Total operating expenses were decreased to \$82,870 for the three months ended January 31, 2019, as compared to \$153,994 for the three months ended January 31, 2018. The decrease resulted primarily from decreased consulting fees and corporate branding expenses.

Consulting fees during the three months ended January 31, 2019 consisted of \$9,000 (three months ended January 31, 2018: \$30,000) for services provided in association with certain corporate advisory, corporate finance, strategic planning, M&A strategy and related advisory services. Consulting fees decreased because the Company 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.

Corporate branding expenses decreased to \$2,708 (three months ended January 31, 2018: \$49,755). 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.

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or

indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, interest payable, and loans payable approximates their carrying values due to the short term nature of the financial instruments. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at January 31, 2019, the Company has a minimal exposure to the US\$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at January 31, 2019, the Company is not exposed to any significant credit 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. As at January 31, 2019, the Company is not exposed to any significant interest rate risk.

#### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

#### Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

#### **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 year ended January 31, 2019 and 2018, the Company incurred the following expenses:

	<b>2019</b>	<b>2018</b>
Capitalized acquisition costs	\$561,873	\$58,565
Capitalized exploration costs	\$472,834	\$14,835
Operating expenses	\$798,582	\$615,055
Write-down of exploration and evaluation assets	\$10,429	\$306,066

Please refer to Note 6 in the consolidated financial statements for the year ended January 31, 2019 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 January 31, 2019 and May 29, 2019, the Company had 147,795,847 common shares issued and outstanding.

*Stock options*

As at January 31, 2019, the Company had 12,100,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
5,000,000	5,000,000	\$0.11	February 16, 2019
50,000	50,000	\$0.05	June 4, 2019
2,000,000	2,000,000	\$0.05	August 10, 2019
1,800,000	1,650,000	\$0.05	October 11, 2019
1,200,000	1,200,000	\$0.05	October 15, 2019
1,400,000	1,400,000	\$0.05	May 24, 2021
400,000	400,000	\$0.05	May 30, 2021
250,000	250,000	\$0.05	March 13, 2022
12,100,000	11,950,000		

Subsequent to January 31, 2019, 5,000,000 stock options at an exercise price of \$0.11 per share expired unexercised and 300,000 stock options at an exercise price of \$0.05 per share were forfeited due to resignation. As of May 29, 2019, the Company had 6,800,000 stock options outstanding and exercisable.

*Share Purchase Warrants*

As of January 31, 2019 and May 29, 2019, 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
<u>21,967,753</u>		

**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 year ended January 31, 2019 and 2018. The Company will continue to incur operating expenses without revenues if and until the Company engages in commercial operations. Accumulated loss as of January 31, 2019 was \$3,551,251 since inception. The Company had cash and cash equivalents in the amount of \$230,989 as at January 31, 2019. 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, 2019. 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>.