

# **Northern Lights Resources Corp.**

## **Management Discussion and Analysis**

### **For the Year Ended April 30, 2018**

**August 27, 2018**

The following discussion and analysis should be read in conjunction with the audited financial statements for the year ended April 30, 2018, and related notes included therein, prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company’s website can be found at [www.northernlightsresources.com](http://www.northernlightsresources.com).

The reader should also refer to the audited financial statements for the year ended April 30, 2018.

Northern Lights Uranium Corp. (the “Company”) was incorporated under the laws of British Columbia on March 28, 2007. On April 22, 2008, the Company changed its name to Northern Lights Resources Corp. The Company’s principal business activities include the acquisition and exploration of resource properties. On June 28, 2012, the Company completed its initial public offering (“IPO”) by way of prospectus, and a listing on the Canadian Securities Exchange (“CSE”).

On September 10, 2013 and September 24, 2013 cease trade orders (“CTOs”) was issued by the British Columbia Securities Commission and the Ontario Securities Commission respectively for failure of the Company to file its annual financial statements for the fiscal year ended April 30, 2013, and corresponding MD&A in a timely manner. On October 31, 2013, the CSE halted the shares of the Company due to the Company being in default of CSE requirements. On January 22, 2014, the CSE delisted the common shares. On December 10, 2014 a CTO issued by the Alberta Securities Commission for failure of the Company to file its annual financial statements for the fiscal year ended April 30, 2014, and corresponding MD&A, in a timely manner. As at the date of this MD&A, the CTOs remain in place and the common shares remain delisted. On November 9, 2017 revocation orders were received from the British Columbia Securities Commission and the Ontario Securities Commission lifting the cease trade orders previously issued on September 10, 2013 and September 24, 2013 consequently. On November 10, 2017, a revocation order was received from the Alberta Securities Commission lifting the final cease trade order previously issued on December 10, 2014.

Effective December 28, 2017, the Company consolidated its common shares on a 1.75 to 1 basis. These financial statements have been retrospectively adjusted to reflect the share consolidation.

On February 23, 2018, the Company announced that it had received Conditional Listing Approval for the Canadian Securities Exchange (the “CSE” or the “Exchange”) and in connection with the listings approval from the CSE, Northern Lights Resources intends to complete a non-brokered private placement of up to \$1,500,000. The placement will consist of up to 15,000,000 units (each a “Unit”) at a price of C\$0.10 per Unit. Each Unit will consist of one Common share and one share purchase warrant.

Since the CTOs were put in place in 2013, the Company has been relatively inactive. The Company has reviewed several potential mineral exploration projects over the years, but until such time as the Company had the funds necessary to seek revocations to the CTOs, it did not actively pursue any opportunity. Once the Company was financially able to apply for CTO revocations, it began to investigate mineral property opportunities more closely. On September 15, 2017 the Company announced two potential transactions (see “*Mineral Property Agreement*” below).

## **Forward-Looking Statements**

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements herein include, but is not limited to, statements relating to the timing, availability and amount of financings; expected use of proceeds; business objectives; the costs and timing relating to the potential acquisition of interests in mineral properties; the timing and costs of future exploration activities on the Company’s future properties; success of exploration activities; permitting time lines and requirements for additional capital. In making forward-looking statements herein, the Company has applied several material assumptions, including, but not limited to, any additional financing needed will be available on reasonable terms, that general business and economic conditions will not change in a materially adverse manner, and that all necessary governmental approvals for the future exploration will be obtained in a timely manner and on acceptable terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such risks and other factors include, among others, risks related to the completion of financings and the use of proceeds; operations and contractual obligations; changes in exploration programs based upon results of exploration; future prices of metals; availability of third party contractors; availability of equipment; failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks of the mineral exploration industry; environmental risks; community relations; and delays in obtaining governmental approvals or financing.

## **Overview and Going Concern**

The Company is in the business of acquiring exploration and evaluation assets. The Company currently has negotiated two property agreements, a property option agreement and a earn-in-agreement (“*see mineral property agreements*” below) and is in the process of looking for an acquisition of additional exploration and evaluation assets. Further, the Company expects its current capital resources will not be sufficient to complete its exploration plans and operations through its current operating year and will be required to raise additional funds through future equity issuances. The Company’s ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern.

The financial statements for the year ended April 30, 2018 were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

## **Results of Operations**

The results of operations reflect the overhead costs incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions continues. The Company has not recorded, since the date of its incorporation, any revenues from its mineral exploration and development activities.

## Mineral Property Agreements

During the year ended April 30, 2018, the following events occurred:

i) Del Undur Project

The Company entered into an earn-in agreement dated June 17, 2017 whereby the Company can earn up to 100% interest in a prospective titanium property located in north-eastern Mongolia for aggregate consideration of (i) cash payments of \$500,000, (ii) issuing 20,000,000 shares, and (iii) incurring exploration expenditures totaling \$2,000,000, all over a four year term. In addition, the property owner will retain a 2.0% net smelter return royalty.

ii) Medicine Springs Property

The Company entered into a mineral property option agreement dated August 20, 2017 to acquire 100% of a prospective Zinc-Lead-Silver property in southeastern Elko County, Nevada for aggregate consideration of (i) cash payments of US\$950,000, (ii) issuing shares having a value of US\$250,000, and (iii) incurring exploration expenditures totaling US\$2,700,000, all over a six year term. In addition, the property owner will retain a 2.0% net smelter return royalty.

## Revenues

Due to the Company's status as an exploration and development stage mineral resource company, and a historical lack of commercial production from its former property, the Company currently does not have any revenues from its operations.

## Selected Annual Information

	Year Ended April 30, 2018	Year Ended April 30, 2017	Year Ended April 30, 2016
Interest Income	\$ -	\$ -	\$ -
Exploration and Evaluation Assets	-	-	-
Deficit	\$4,108,144	\$3,738,971	\$3,665,110
Net Loss	(\$369,173)	(\$73,861)	(\$134,195)
Basic and Diluted Loss Per Share	(\$0.02)	(\$0.00)	(\$0.01)

## Fourth Quarter Results

The Company did not have any significant events or transactions in the quarter ended April 30, 2018 to report.

## General and Administrative Expenses

The Company incurred a loss and comprehensive loss **for the year ended April 30, 2018** of \$369,173 (2017 - \$73,861).

A brief explanation of the significant changes in expense categories is provided below:

- i) Filing fees of \$77,880 (2017 - \$Nil). The increase is due to costs incurred primarily due to penalty fees paid for the resumption of trading on the stock exchange.
- ii) Interest expenses of \$24,118 (2017 - \$Nil). The increase is a result of interest accrued from loans received during the current period.
- iii) Management fees of \$87,500 (2017 - \$120,000). The decrease is a result of Graham Keevil resigning as CEO effective April 30, 2017 and fees were negotiated with new management during the current year.
- iv) Professional fees of \$62,865 (2017 - \$7,829). The increase is due to accounting and legal services incurred during the current year.
- v) Settlement of accounts payable of \$25,989 (2017 - \$Nil) due to the Company settling \$35,700 of accounts payable for cash \$9,711.
- vi) Reversal of accounts payable of \$1,200 (2017 - \$88,884) as certain amounts have passed the statute of limitations and forgiven during the comparative year.

## Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters.

<b>Three Months Ended</b>	<b>April 30, 2018</b>	<b>January 31, 2018</b>	<b>October 31, 2017</b>	<b>July 31, 2017</b>
Interest Income	\$ -	\$ -	\$ -	\$ -
Exploration and Evaluation Assets	-	-	-	-
Deficit	4,108,144	3,907,653	3,764,496	3,755,604
Net Income (Loss)	(200,491)	(143,157)	(8,892)	(16,633)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)
<b>Three Months Ended</b>	<b>April 30, 2017</b>	<b>January 31, 2017</b>	<b>October 31, 2016</b>	<b>July 31, 2016</b>
Interest Income	\$ -	\$ -	\$ -	\$ -
Exploration and Evaluation Assets	-	-	-	-
Deficit	3,738,971	3,761,418	3,729,096	3,697,103
Net Loss	22,447	(32,322)	(31,993)	(31,993)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)

During the three month period ended April 30, 2017, the Company recorded net income of \$22,447. The increase over previous quarters was primarily a result of an \$88,884 gain on reversal of accounts payable.

During the three month period ended January 31, 2018, the Company recorded net loss of \$143,157. The decrease over previous quarters was primarily a result of \$61,332 of filing fees incurred related to the resumption of trading on the stock exchange.

### **Liquidity and Capital Resources**

At April 30, 2018, the Company had cash of \$30,208 (April 30, 2017 – \$63).

At April 30, 2018, the Company had a working capital deficiency of \$71,282 (April 30, 2017- \$927,996).

During the year ended April 30, 2012, the Company received non-interest bearing loan of \$218,520 for a non-interest bearing loan from an former office and director of the Company and repaid \$4,575 of the loan. During the period April 30, 2018, the loan was fully settled through the issuance of 2,445,086 shares (Note 7). As of April 30, 2018, the loan payable total was \$Nil (April 30, 2017 - \$213,945).

During the year ended April 30, 2016, the Company received a \$5,000 loan accruing 10% interest per annum, repayable on the earlier of July 23, 2016 and the date the Company completes its next private placement. During the year ended April 30, 2017, the Company missed the repayment date and interest continues to accrue. As of April 30, 2018, the loan payable total was \$6,386 (April 30, 2017 - \$5,000) and accrued \$1,386 of interest expenses during the year ended April 30, 2018.

During the year ended April 30, 2018, the Company received loans totaling \$354,154. The loans accrue interest at a rate of 12% interest per annum, repayment on the earlier of April 1, 2018 and the date the Company completes its next private placement. During the year ended April 30, 2018, the loans accrued interest expenses of \$22,732. The loans were fully settled through issuance of 8,954,330 shares (Note 8). As of April 30, 2018, the loans payable total was \$Nil.

The Company expects its current capital resources will not be sufficient to meet its business objectives or day-to-day operations through its next quarter or current operating year, and that its continuation as a going concern will be dependent on its ability to raise additional funds through equity issuances. There is no guarantee the Company will be successful in that regard. See “Overview and Going Concern” above.

During the year ended April 30, 2018, the Company:

- issued 9,495,554 common shares to settle an aggregate of \$830,861 of indebtedness.
- issued 8,954,330 common shares valued at \$447,717 to settle loans payable of \$376,886 and recorded a loss on settlement of loan payable of \$70,831.

### **Financial Risk Factors**

The Company’s financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and loans payables. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

#### a) Currency risk

The Company is exposed to nominal foreign currency risk.

b) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial statement fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. At April 30, 2018, the Company had cash of \$30,208 and current liabilities of \$115,889. This emphasizes that the Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. See "Liquidity and Capital Resources" above. There is no guarantee that the Company will be able to raise capital. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of commodities. The Company monitors these prices to determine the appropriate course of action to be taken.

### **Related Party Transactions**

The Company defines key management as officers and directors. During the year ended April 30, 2018, the Company:

- i) owed a director of the Company \$Nil (April 30, 2017 - \$213,945) for a non-interest bearing loan.
- ii) owed \$Nil (April 30, 2017 - \$43,160) to an accounting firm in which the former officer and director of the Company is a partner.
- iii) paid or accrued management fees of \$60,000 (2017 - \$60,000) to a director of the Company. At April 30, 2018, the Company owed a director \$Nil (April 30, 2017 - \$259,733) recorded in accounts payable.
- iv) paid or accrued management fees of \$27,500 (2017 - \$Nil) to the Chief Executive Officer ("CEO") of the Company.
- v) paid or accrued professional fees of \$3,000 (2017 - \$Nil) to the Chief Financial Officer ("CFO") of the Company.
- vi) paid or accrued management fees of \$Nil (2017 - \$60,000) to the former CEO of the Company. At April 30, 2018, the Company owed the former CEO \$Nil (April 30, 2017 - \$131,250) recorded in accounts payable.

Included in prepaid expenses as at April 30, 2018 is \$5,000 (April 30, 2017 - \$Nil) paid to the Company's CEO and \$5,000 (April 30, 2017 - \$Nil) paid to a Company's director.

During the year ended April 30, 2018, the Company issued 5,222,229 common shares to a director of the Company to settle an aggregate of \$456,945 of indebtedness.

### **Off Balance Sheet Arrangements**

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

### **Changes in Accounting Policies and Future Accounting Pronouncements**

Please refer to the financial statements for the year ended April 30, 2018 located on [www.sedar.com](http://www.sedar.com).

### **Critical Accounting Estimates**

Please refer to the financial statements for the year ended April 30, 2018 located on [www.sedar.com](http://www.sedar.com).

### **Contingencies**

There are no contingent liabilities.

### **Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

### **Other MD&A Requirements**

- As at August 27, 2018, the Company had 33,556,832 common shares outstanding:

### **Change in Management**

**On November 14, 2017**, the Company appointed Mr. Jason Bahnsen to be a Company Director and its Chief Executive Officer.

Mr. Bahnsen is a mining engineer with over 30 years of experience in natural-resources finance and operations.

Jason began his career in mine development and operations including several years at Freeport Indonesia, Royal Oak Gold Mines and at Rio Tinto, where he was involved in senior mine feasibility and business development roles. Jason's investment banking experience includes senior resource banking roles with Deutsche Bank, Macquarie Bank and Fox-Davies Capital where he led numerous M&A and equity capital market transactions for international resource companies globally.

Prior to joining Northern Lights, he was CEO of Falcon Isle Resources (private), CEO of Strata Minerals Inc. a TSX.V listed phosphate explorer, CEO of Gobi Coal and Energy (private) a Mongolian coal development company, and Director at Deutsche Bank AG, including serving as the Head of Deutsche Bank's Metals and Mining investment banking practice in Asia-Pacific.

Mr. Bahnsen graduated from the Queen's University in Kingston with a B.Sc. in Mining Engineering and holds an MBA from University of New England, Australia.

**On November 24, 2017**, the Company appointed Mr. Gary Artmont to be a Company's Head Geologist.

Mr. Gary Artmont, is a senior exploration geologist with over 40 years of international experience in regions including Canada, USA, Mexico, South America, Indonesia, Africa, Russia, China and Mongolia. Fellow member of AUSIMM and qualified to write NI 43-101 or JORC Competent Person reports for various exchanges.

Mr. Artmont has held senior positions with Rio Tinto, Kennecott Australia, Freeport McMorran Indonesia, Union Carbide, Norilsk Nickel and Ivanhoe Mining. From 1989 to 1995, Mr. Artmont served as the Chief Exploration Geologist for Freeport Indonesia, responsible for conducting exploration over a 57,000 km<sup>2</sup> Contract of Work area with a team of over 600 geologists and field assistants.

During his career, Mr. Artmont has conducted over 150 site visits to producing mines located throughout the world.

**On December 1, 2017**, the Company appointed Mr. Richard Kelertas BscF., MscF.,RPF to be a Company Independent Director.

For over 35 years, Mr. Kelertas has held various positions in corporate Canada, encompassing sales, marketing, corporate development, corporate banking and equity capital markets. For 25 years, he has been a top ranked Equity Analyst and worked for various national and international firms.

Mr. Kelertas was recently Manager – Special Projects (Pulp & Paper) at Resolute Forest Products Ltd., and before that served as Senior Vice President of Corporate Development at Allana Potash Corp. from May 1, 2012 to July 28, 2015. Previously he served as Vice President and Senior Financial Analyst at Dundee Canada and Scotia McLeod. He has also held senior corporate banking positions at National Bank of Canada and the Mercantile Bank of Canada. Before that he worked in the resources division of Noranda Inc and held various sales, marketing and corporate development positions. He has served as a Director of Strata Minerals Inc. From July 24, 2012 to April 01, 2016 and was CEO of Celeste Mining Corp. from March 2013 until November, 2015.

Mr. Kelertas has been one of the most prominent investment analysts in Canada, ranked a “Top Gun” equity analyst by Brendan Woods International (BWI) and in 2010 was one of only 14 analysts in Canada to be named a “Super Leaguer Analyst” by BWI. Mr. Kelertas graduated from the University of Toronto with two science degrees, including a Master’s of Science.

**On December 8, 2017**, the Company appointed Mr. Gordon Tainton to be a Company Independent Director.

Mr. Tainton has over 25 years of experience at senior management levels in various sectors of the natural resources industry, including production, distribution, port/terminal development, trading, shipping, off-take agreements, and project finance. Gordon spent more than 15 years in the international inspection, control and testing industry in North America, Asia and Europe. He spent eight years with Sumitomo Corp. of Tokyo sourcing, purchasing and delivering key intermediate liquid, bulk and bagged industrial chemical and mineral products. Since 2010 Gordon has held various executive and non-executive Board positions in both public and private companies. Gordon is currently President and Director of Focus Ventures Ltd, a TSX.V listed company developing a large scale phosphate project in Peru.

In addition Northern Lights Resources Corp is pleased to announce Leon Ho as Interim CFO.

Mr. Ho is a Chartered Professional Accountant working at Cross Davis & Company LLP, a Chartered Professional Accountant firm providing accounting services to publicly listed entities, primarily in the mining sector. Leon works directly with mining CEO’s and directors assisting with their regulatory and accounting needs.