

**ZADAR VENTURES LTD.**  
**Management Discussion and Analysis**  
**(Expressed in Canadian Dollars, Unless Otherwise Stated)**  
**For the Three Months Ended October 31, 2019**

**INTRODUCTION**

This Management Discussion and Analysis (“MD&A”) of the operating results and financial condition of Zadar Ventures Ltd. (the “Company” or “Zadar”) for the three months ended October 31, 2019 should be read in conjunction with the unaudited interim financial statements for the three months ended October 31, 2019 and the audited financial statements for year ended July 31, 2019, which are prepared in accordance with International Financial Reporting Standards (“IFRS”).

This MD&A is prepared as of December 23, 2019. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise stated. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**CAUTION REGARDING FORWARD LOOKING STATEMENTS**

This MD&A contains certain statements that constitute forward-looking statements. When used in this document the words “anticipate”, “believe”, “estimate”, “expect”, “plan”, “future”, “intend”, “may”, “will”, “should”, “predicts”, “potential”, “continue”, and similar expressions, as they relate to Zadar or its management, are intended to identify forward-looking statements. Such statements reflect current views of Zadar with respect to future events and are subject to certain known and unknown risks, uncertainties, and assumptions. These statements should not be relied upon. Many factors could cause the actual results, performance, or achievements to be materially different for many future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. Zadar does not intend, and does not assume, any obligation to update these forward looking statements.

**DESCRIPTION OF THE BUSINESS**

Zadar is a public company incorporated under the *Business Corporations Act* of British Columbia on August 6, 2008. The common shares of Zadar commenced trading on the TSX Venture Exchange on May 28, 2012 under the trading symbol “ZAD”.

The Company’s principal business activity is the acquisition and exploration of mineral properties.

The Company’s corporate office and principal place of business is at Suite 908 – 510 Burrard Street, Vancouver, B.C. V6C 3A8.

The Company is engaged in the business of mineral exploration. It acquires, explores, and develops mineral resource properties. Most recently, the Company has mobilized a geological team to evaluate the recently acquired East Boundary Mineral Claims.

### **East Boundary Mineral Claims**

On August 21, 2018, the Company entered into an option agreement with a private staking syndicate to purchase the East Boundary Mineral Claims which consists of 1,888 hectares in Northern B.C.'s prolific Golden Triangle.

On September 28, 2018, the Company received TSX-V approval related to the acquisition of the East Boundary Mineral Claims.

Under the terms of the agreement, the Company can earn 100% interest in the property by issuing an aggregate of 100,000 common shares to various arms length vendors within five days of TSX-V approval (issued) and an additional issuance of 200,000 common shares on or before October 31, 2018 (issued). A 2% NSR shall be granted to Carl Alexander Von Einseidel, of which 1.5% can be repurchased by the Company for \$1,500,000.

A finder's fee on the East Boundary agreement was paid in the form of 10,000 shares issued to a third party.

During the year ended July 31, 2019, management wrote down the full \$135,000 of capitalized costs accumulated on the property to \$Nil as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

### **Whiskey Gap Property**

The Company entered into an Option Agreement dated April 29, 2010 as amended on May 30, 2011, September 30, 2011, June 1, 2012, November 19, 2014, November 28, 2015, November 23, 2017 and November 17, 2018 with 1177129 Alberta Limited (the "Optionor"). The Optionor is a wholly owned subsidiary of International Ranger Corp. Jason Walsh, who is the President and Director of the Optionor, is also a Director of International Ranger Corp. and a shareholder and former Chief Financial Officer and Secretary of International Ranger Corp.

The Option Agreement, as amended, provides that in order for the Company to earn a 60% interest in the Property (as hereinafter defined), the Company must pay the Optionor:

- a) \$12,500 (paid) and issue and allot to the Optionor 10,000 shares of the Company (issued);
- b) on or before the first anniversary of the execution of the Agreement, it must pay the Optionor a further \$12,500 (paid) and issue and allot to the Optionor a further 20,000 shares (issued);

- c) on or before the second anniversary of the execution of the Agreement, it must pay the Optionor a further \$25,000 (paid) and issue and allot to the Optionor a further 30,000 shares (issued);
- d) on or before September 30, 2010, the Company shall expend not less than \$100,000 on Exploration Expenditures on the Property (incurred);
- e) on or before June 30, 2012, the Company shall pay \$100,000 to the Optionor (paid);
- f) on or before December 31, 2012, the Company shall pay a further \$50,000 (paid) and issue and allot to the Optionor a further 50,000 shares (issued).

The Company has a further option to acquire the remaining 40% interest in the Property by issuing the Optionor an additional 100,000 shares (issued) and paying the Optionor \$100,000 on or before June 30, 2020.

Metallic mineral production in Alberta is subject to a provincial royalty amounting to one percent gross mine mouth revenue until payout and the greater of one percent gross mine mouth revenue and 12 % net revenue, after payout.

In 2015, management wrote down the costs accumulated on the property to \$18,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated the write down in line with the Company's accounting policy for exploration and evaluation assets.

### **Pasfield Lake Project**

On September 25, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, for consideration comprising \$25,000 in cash (paid) and issuance of 1,745,000 shares of the Company (issued).

During 2014, a fee of \$50,000 was paid to extend the option period and a finder's fee of \$6,000 was paid in 2013.

The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

In 2015, management wrote down the costs accumulated on the Pasfield Lake property to \$10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated the write down in line with the Company's accounting policy for exploration and evaluation assets.

## WSP and CR Lithium Projects

On February 25, 2016, the Company entered into an option agreement with GeoXplor Corp. (“GeoXplor”) to acquire a 100% interest in two prospective lithium projects in Nevada, USA.

In order to exercise the option to earn the 100% interest, Zadar must issue 500,000 of its common shares and pay US\$450,000 in cash payments, in addition to US\$21,000 non-refundable deposit (paid) to GeoXplor.

On April 26, 2018, the Company paid US\$25,000 to GeoXplor to amend the terms of the option agreement as follows:

- a) US\$50,000 on the effective date (paid);
- b) 100,000 common shares on TSX.V approval (issued);
- c) US\$50,000 on or before March 25, 2016 (paid);
- d) 100,000 common shares on each of February 25, 2017 (issued), December 1, 2018 (issued), December 1, 2019 and December 1, 2020;
- e) US\$75,000 on each of February 25, 2017 (paid) and December 1, 2018; and
- f) US\$100,000 on each of December 1, 2019 and December 1, 2020.

Zadar will be required to make exploration expenditures of US\$123,000 on the property in year one (US\$100,000 paid), a further US\$118,000 on the WSP claims by December 1, 2018, a further US\$250,000 on the CR claims by December 1, 2018, a further US\$500,000 on the property by December 1, 2019 and a further US\$1,500,000 on the property by December 1, 2020. On the fifth anniversary of the effective date, and annually thereafter, Zadar shall pay minimum advanced annual royalties payments of US\$100,000.

Upon completion of an inferred resource calculation that confirms either of the properties having a minimum presence of 100,000 tons lithium carbonate equivalent grading at no lower than 28 parts per million lithium grade average, Zadar shall pay GeoXplor US\$1,000,000 in cash or Zadar Shares, or a combination thereof at Zadar’s election.

Upon Completion of an Economic Study, as defined in the option agreement, on either of the properties on or before the 10th anniversary of the effective date, Zadar shall pay to GeoXplor US\$2,000,000 in cash or Zadar Shares, or a combination thereof at GeoXplor’s election.

GeoXplor will maintain 3% gross value Royalty return of which 2% can be purchased by Zadar at any time for US\$5,000,000.

During the year ended July 31, 2018, the Company recorded a provision for write-down in the amount of \$883,677 related to the WSP/CR claims as a result of lack of activity on the property, due to ongoing water rights issues, and a lack of investor confidence in Clayton valley as a whole.

During the year ended July 31, 2019, the Company capitalized and subsequently wrote-down \$11,349 related to further acquisition costs of the WSP/CR claims due to the same issues that were presented at July 31, 2018.

## RESULTS OF OPERATIONS

The Company's net loss for the three months ended October 31, 2019 was \$18,643 as compared to a net loss of \$147,303 for the three months ended October 31, 2018.

Consulting fees decreased to \$164 in 2019 compared to \$38,997 in 2018 and office and sundry decreased to \$16,287 in 2019 compared to \$21,031 in 2018. These decreases in expenses were offset by an increase in accretion of \$116 compared to \$Nil in 2018 and amortization of \$10,238 compared to \$Nil in 2018 related to classifying the Company's office lease as a right-of-use asset under IFRS 16.

Total administrative expenses decreased by \$44,507 in 2019 compared to 2018 as a result of the Company's attempt to preserve cash.

Cash used in operating activities increased to \$47,765 for the three months ended October 31, 2019 compared to \$15,736 for the comparative period in 2018 mainly as a result of the Company receiving GST refunds totalling \$46,097 in the comparative period.

The Company also recognized an unrealized gain on its investment of \$37,284. In 2018, the Company recorded an unrealized loss on investment of \$47,173.

## SUMMARY OF QUARTERLY RESULTS

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Quarter ended	Revenue \$	Net loss \$	Loss per share \$
October 31, 2019	–	(18,643)	(0.00)
July 31, 2019	–	(241,924)	(0.02)
April 30, 2019	–	(82,360)	(0.01)
January 31, 2019	–	(129,993)	(0.01)
October 31, 2018	–	(147,303)	(0.01)
July 31, 2018	–	(966,058)	(0.11)
April 30, 2018	–	(125,433)	(0.01)
January 31, 2018	–	(205,047)	(0.02)

There are no meaningful trends evident from analysis of the summary of quarterly financial information over the last eight quarters. Factors that can cause fluctuations in the Company's quarterly results are the timing of stock option grants, fluctuation in market value of its investments, write-down of exploration and evaluation assets and other legal matters.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at October 31, 2019, the Company had working capital of \$276,276. To date, the Company has relied entirely upon the sale of common shares to generate working capital for exploration activities and to fund the administration expenses of the Company. Since the Company does not expect to generate any revenues in the near future, it will continue to rely primarily upon the sale of common shares to raise capital. There can be no assurance that financing will be available to the Company when required.

Cash flows provided by financing activities for the three months ended October 31, 2019 was \$32,312, mainly from cash received related to a non-brokered private placement that closed in May 2019.

At present, there are no known demands, commitments, events or uncertainties that would adversely affect the trends and expected fluctuations in the Company's liquidity. The Company does not believe that its current financial resources will be adequate to meet its business objectives and projected working capital and other cash requirements for at least 12 months. There can be no assurance that these funds will be sufficient and the Company will have to evaluate additional means of financing, including additional debt or equity financings. See "Risk Factors".

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **RELATED PARTY TRANSACTIONS**

During the three months ended October 31, 2019, the Company incurred an aggregate of \$12,500 for management fees of which \$2,000 was payable to 622738 B.C. Ltd., a company wholly owned by Mark Tommasi, the Chairman of the Company and \$10,500 was payable to GRW Inc., a company wholly owned by Geoffrey R. Watson, the CFO and Secretary of the Company.

During the three months ended October 31, 2019, the Company incurred an aggregate of \$Nil for consulting fees payable to 0868143 B.C. Ltd., a company wholly owned by Yana Bobrovskaya, a Director of the Company.

Amounts due from related parties comprise \$1,533 in advances to officers and directors, and \$13,203 in advances from companies with officers and directors in common. Such amounts are unsecured, non-interest bearing and without specific repayment terms.

## **COMMON SHARES OUTSTANDING**

As of October 31, 2019, and as of the date of this report, a total of 17,679,134 common shares were issued and outstanding.

## **WARRANTS OUTSTANDING**

As of October 31, 2019, and as of the date of this report, the Company has 7,500,000 warrants outstanding exercisable at \$0.085 until May 23, 2022.

## **OPTIONS OUTSTANDING**

As of October 31, 2019, and as at the date of this report, the Company did not have any options outstanding.

## **CRITICAL ACCOUNTING ESTIMATES**

### **Mineral Properties and Exploration Costs**

The Company records its interests in mineral properties and exploration costs at historical cost. All direct costs are capitalized until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the unit of production basis over the proven reserves of the related property following commencement of production. Proceeds received, as a result of the sale of a mineral property, will be applied first against the carrying value of the property, and any excess will be recorded in profit or loss.

The mineral properties and exploration costs are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. When there is evidence of impairment, the net carrying amount of the asset will be written down to its net recoverable amount which is the estimated undiscounted future net cash flows expected to result from the asset and its eventual disposition.

The amounts shown as mineral properties and deferred exploration costs represent unamortized costs to date and do not necessarily reflect present or future values.

### **Asset Retirement Obligations**

The Company's exploration activities to date have consisted principally of geophysics. As a result, there has been little to no impact on the physical state of the properties that would give rise to asset retirement obligations.

## **CHANGES IN ACCOUNTING POLICIES**

The following new accounting standards were adopted by the Company for the three months ended October 31, 2019:

### **IFRS 16 – “Leases”**

In January 2016, the IASB issued IFRS 16 Leases which specifies how a lease will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged for its predecessor, IAS 17. IFRS 16 is effective for the Company’s annual reporting period beginning on August 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

On adoption of IFRS 16, the Company recognized the right-of-use asset, and a corresponding increase in a lease liability, in the amount of \$88,998 which represented the present value of future lease payments using a discount rate of 12%.

During the three months ended October 31, 2019, the Company recorded an accretion expense of \$116 related to the lease liability.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company’s financial instruments include cash, amounts receivable, investment, due from related parties, accounts payable and accrued liabilities, loans payable and due to related parties. The fair value of cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, loans payable approximates their carrying value due to their short-term nature. Investments are carried at fair value.

The Company classified its financial assets and liabilities at fair value through profit or loss or at amortized costs. There are no financial instruments at fair value through other comprehensive income.



## **OTHER RISKS AND UNCERTAINTIES**

The Company is an exploration stage company with respect to its mineral interests. Based on the information available to date, the Company has not yet determined whether its mineral interests contain economically recoverable reserves. The recoverability of the amounts shown for mineral interests is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development, and upon future profitable production. In conducting its business, the Company is subject to a number of other risks and uncertainties that could have a material adverse effect on the Company's business prospects or financial condition that could result in a delay or indefinite postponement in the development of the Company's mineral interests.

### **Risks associated with exploration stage companies**

Exploring for mineral resources involves a variety of operational, financial, and regulatory risks that are typical in the natural resource industry. The Company has not commenced commercial operations and has no proven history of performance, earnings, or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan. The Company's Common Shares must be considered speculative primarily due to the nature of the Company's business and early stage of development. The Company has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions, and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. There can be no assurance that financing, whether equity or debt, will be available to the Company in the amount required by the Company at any particular time or for any period, and that such financing can be obtained on terms satisfactory to the Company.

### **Exploration and development**

At this time, the Company's mineral properties are in the exploration stage and the Company does not have an operating history with respect to its exploration activities. Exploration and development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. The amounts attributed to the Company's interest in its properties as reflected in its financial statements represent acquisition and exploration expenses and should not be taken to represent realizable value. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs which may be affected by a number of factors such as unusual or unexpected geological formations, and other conditions.

**Property title**

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, controls, or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral interests may be subject to prior unrecorded agreements or transfers or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of the Company's mineral interests which, if successful, could impair development and operations. This situation may be exacerbated due to the large number of title transfers historically involved with some properties.

**Licenses and permits**

The Company will require licenses and permits from various governmental authorities regarding the Company's mineral interests. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations for its mineral interests. Failure to obtain and maintain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration and development work which may result in its losing its interest in the subject property.

**Operating hazards and risks**

Fires, power outages, labour disputes, flooding explosions, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment, or labour are some of the risks involved in exploration programs. Unknowns with respect to geological structures and other conditions are involved. Existing and future environmental laws may cause additional expense and delays in the activities of the Company, and may render the Company's properties uneconomic. The Company has no liability insurance and the Company may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure, or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect of the Company's financial position.

**Competition**

The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other corporations which have greater technical and financial resources. The Company may be unable to acquire additional attractive mining properties on terms it considers acceptable.

**Profitability of operations**

The Company does not have profitable operations at this time and it should be anticipated that it will operate at a loss until such time as production is achieved from its properties, if production is in fact ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

**Market risks**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices have fluctuated widely in recent years. The marketability and price of minerals which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These factors include extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals, and many other aspects of the mining business. Declines in mineral prices may have a negative effect of the Company.

**Future financings**

If the Company's exploration programs are successful, additional funds will be required for further exploration and development to place a property into commercial production. The Company's available sources of funds are: existing cash; the further sale of equity capital; and the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof. There is no assurance such sources will continue to be available on favourable terms or at all. If available, future equity financings may result in dilution to current shareholders.

**Going concern**

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its on-going commitments and further its mineral exploration programs.

**Cyber security risk**

Cyber security risk is the risk of negative impact on the operations and financial affairs of the Company due to cyber attacks, destruction or corruption of data, and breaches of its electronic systems. Management believes that it has taken reasonable and adequate steps to mitigate the risk of potential damage to the Company from such risks. The Company also relies on third-party service providers for the storage and processing of various data. A cyber security incident against the Company or its contractors and service providers could result in the loss of business sensitive, confidential or personal information as well as violation of privacy and security laws, litigation and regulatory enforcement and costs. The Company has not experienced any material losses relating to cyber attacks or other information security breaches, however there can be no assurance that it will not incur such losses in the future.

**ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).