# DeepRock Minerals Inc.

Management's Discussion and Analysis

For the nine months ended August 31, 2018

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

## Introduction

This Management's Discussion & Analysis ("MD&A") was prepared as of October 30, 2018 to assist readers in understanding DeepRock Minerals Inc. (the "Company", "DeepRock", "we", or "us") financial performance for the nine months ended August 31, 2018. This MD&A should be read together with the condensed interim financial statements for the nine months ended August 31, 2018 and the notes contained therein (the "Financial Statements") and the Company's annual audited financial statements and annual management discussion and analysis for the period ended November 30, 2017. Results are reported in Canadian dollars, unless otherwise noted. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Further information about the Company can be obtained from www.sedar.com.

## Cautionary Note Regarding Forward-Looking Information

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A including statements relating to the potential mineralization or geological merits of the Company's mineral properties and the future plans, objectives or expectations of the Company are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include among other things, statements regarding future commodity pricing, estimation of mineral reserves and resources, timing and amounts of estimated exploration expenditures and capital expenditures, costs and timing of the exploration and development of new deposits, success of exploration activities, permitting time lines, future currency exchange rates, requirements for additional capital, government regulation of mining operations, environmental risks, anticipated reclamation expenses, timing and possible outcome of pending litigation, timing and expected completion of property acquisitions or dispositions, and title disputes. They may also include statements with respect to the Company's mineral discoveries, plans, out-look and business strategy. The words "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "intend", "estimate", "plan", "forecast", "project" and "believe" or other similar words and phrases are intended to identify forward-looking information.

Forward-looking statements are predictions based upon current expectations and involve known and unknown risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

## Our Business

The Company was incorporated on December 1, 2014 under the laws of British Columbia as a wholly-owned subsidiary of a reporting issuer, Go Green Capital Corp. ("Go Green"). During 2015, Go Green obtained final court approval to complete a plan of arrangement (the "Arrangement") pursuant to Division 5 of Part 9 of the Business Corporation Act (British Columbia) with its wholly-owned subsidiary the Company. Under the Arrangement, the Company was to acquire $25,500 and all of Go Green's interest in a letter of intent to acquire a company from Euroex in exchange for common shares (the "the Company Shares") of the Company, which the Company Shares were distributed to Go Green shareholders pursuant to the Arrangement. On closing of the Arrangement, each Go Green shareholder, as of the share distribution record date received one new common share in the capital of Go Green (the "New Go Green Shares") and its *pro-rata* share of the Company Shares as distributed under the Arrangement for each Go Green common share (the "Old Go Green Shares") held by such person at the share distribution record date (determined to be as of April 2, 2015).

On May 5, 2015, the Company acquired the Euroex LOI and a note receivable in the amount of $25,500 from Go Green as part of the Arrangement. The Company had not commenced any commercial operations other than acquiring the Euroex LOI from Go Green. The Company issued 2,501,834 (1,250,917 pre-split) common shares in exchange for the note receivable of $25,500 and the Euroex LOI from Go Green. Such shares were re-distributed to shareholders of Go Green as of record date of April 2, 2015 on May 5, 2015. On completion of the Arrangement, the Company became a reporting issuer in the province of British Columbia and Alberta.

Effective March 6, 2017, the Company terminated its Euroex LOI and entered into an option agreement with Megastar and changed its name from 1020647 BC Ltd. to Deeprock Minerals Inc. The head office of the Company is Suite 1000 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

On April 5, 2017 and amended on March 15, 2018 and June 30, 2018, the Company entered into an option agreement with Megastar Development Corp. ("Megastar"), whereby Megastar granted the Company the right to acquire a 50% interest in and to the Ralleau Property located in the Quevillon area of Quebec. In order to acquire the 50% interest in the Ralleau Property the Company shall pay $100,000 in cash, issue 1,700,000 common shares of the Company and incur $250,000 in eligible exploration work as follows:

(a) Cash payment of $100,000 and issuance of 1,700,000 common shares as follows:

(i) $5,000 on or before the execution of this agreement (paid);
(ii) $5,000 and 600,000 common shares on the earlier of the exchange listing date or August 31, 2018;
(iii) $5,000 (paid) and 200,000 common shares (issued) on or before the first anniversary date of this agreement, April 5, 2018;
(iv) $10,000 and 400,000 common shares on or before the second anniversary date of this agreement, April 5, 2019;
(v) $75,000 and 500,000 common shares on or before the third anniversary date of this agreement, April 5, 2020.

(b) Exploration expenditures of $250,000 on the Property as follows:

(i) $40,000 on or before May 30, 2017 (incurred);
(ii) $15,000 on or before July 31, 2017 (incurred);
(iii) $25,000 on or before October 31, 2018 (incurred);
(iv) $50,000 on or before the second anniversary date of this agreement, April 5, 2019;
(v) $120,000 on or before the third anniversary date of this agreement, April 5, 2020.

If the exploration expenditures incurred are less than the amount of the exploration expenditures required to be incurred in any period, the Company may at its option pay the deficiency to Megastar within sixty days after the end of such period in order to maintain the Option in good standing.

As at August 31, 2018, the Company has incurred $102,958 in exploration expenditures on its mineral property in located in the Quevillon area of Quebec. The majority of the exploration expenditures incurred to this date are in connection with the surveying and sampling of the property, preparation of the 43-101 report and maintenance payment in lieu of exploration work.

On March 23, 2018, the Company filed its initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE"). On August 22, 2018 the Company filed its final prospectus with the securities.

## Selected Annual Information

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning Financial Instruments.

| | Years ended | | |
|---|---|---|---|
| | November 30, 2017 $ | November 30, 2016 $ | November 30, 2015 $ |
| Total Revenue | - | - | - |
| Interest income | - | - | - |
| Expenses | 253,833 | 11,024 | 6,881 |
| Net loss | (253,833) | (11,024) | (6,881) |
| Total assets | 113,050 | 27,210 | 25,500 |
| Total long-term liabilities | - | - | - |
| Net loss per share (basic and diluted) | (0.05) | (0.00) | (4,522) |

The Company was incorporated on December 1, 2014 and November 30, 2015 was the Company's first fiscal year end for the Company and was inactive during that period and for the year ended November 30, 2016. During the year ended November 30, 2017, the Company had a loss of $253,833 as compared to the $11,024 for the prior year an increase of approximately $242,000. The increase can be attributed to an increase in activity as the Company acquired the Ralleau property and adopted the policy of expensing exploration cost and incurred fees with its directors and officers of the Company and recognized share-based payment on stock options granted to its directors.

## Summary of Quarterly Results

The following table summarized the results of operations for the eight recent quarters.

| | Three months ended | | | |
|---|---|---|---|---|
| | August 31, 2018 $ | May 31, 2018 $ | February 28, 2018 $ | November 30, 2017 $ |
| Total Revenue | - | - | - | - |
| Interest income | - | - | - | - |
| Expenses | 78,894 | 68,899 | 53,555 | 71,678 |
| Net loss | (78,894) | (68,899) | (53,555) | (71,678) |
| Net loss per share and diluted loss per share | (0.01) | (0.01) | (0.01) | (0.01) |

| | Three months ended | | | |
|---|---|---|---|---|
| | August 31, 2017 $ | May 31, 2017 $ | February 28, 2017 $ | November 30, 2016 $ |
| Total Revenue | - | - | - | - |
| Interest income | - | - | - | - |
| Expenses | 64,746 | 115,891 | 1,518 | 5,173 |
| Net loss | (64,746) | (115,891) | (1,518) | (5,173) |
| Net loss per share and diluted loss per share | (0.01) | (0.04) | (0.00) | (0.00) |

The Company was mainly inactive during the quarters from May 31, 2016 to February 28, 2017 as the Company reported nominal net losses for the respective periods. During the three months ended May 31, 2017 the Company reported a net loss of $115,891 as compared to a net loss of $1,518 from February 28, 2017 an increase of approximately $114,000. The increase can be attributed to the Company's change of business to that of acquiring, exploration and development of mineral properties. As a result of the change in business, the Company adopted the policy of expensing its exploration cost and accordingly have recognized $58,943 in exploration costs on the Ralleau Property, $25,000 in property investigation cost to a Company controlled by the CFO to assist the Company in seeking new business opportunities and the negotiation of the Ralleau Property deal and $26,482 in consulting fees to third parties and to directors of the Company. During the three months ended August 31, 2017, the Company reported a net loss of $64,746 as compared to a net loss of $115,891 from May 31, 2017 a decrease of approximately $51,000 which can be attributed to a decrease in exploration cost from $58,943 from the previous quarter down to $16,522, and a decrease in property investigation cost from $25,000 to $nil in this quarter. During the three months ended November 30, 2017, the Company reported a net loss of $71,678 as compared to $64,746 from August 31, 2017 an increase of approximately $7,000 which can be attributed to the decline in exploration cost from $16,522 to $512 as the Company awaits the completion of its 43-101 report and its IPO, an increase in professional fees of $10,000 for year end audit and accounting accrual and an increase of $17,500 in stock-based compensation which represents the fair value of the stock options that were granted during the quarter ended November 30, 2017. The stock-based compensation is a non-cash transaction. During the three months ended February 28, 2017, the Company reported a net loss of $53,555 as compared to $71,678 from November 30, 2017 a decrease of approximately $18,000 which can be attributed to no stock based compensation as compared to $17,500 for the prior quarter. During the three months ended May 31, 2018, the Company reported a net loss of $68,899 as compared to $53,555 from February 28, 2018 an increase of approximately $15,000 which can be attributed to $12,506 in exploration cost paid and an increase in the filing fees paid in connection with the initial public offering that was filed on March 23, 2018. During the three months ended August 31, 2018, the Company reported a net loss of $78,894 as compared to the $68,899 for the previous quarter an increase of approximately $10,000 which can be attributed to increase in consulting and legal fees offset by the decrease in accounting fees.

## Results of Operations

During the three months ended August 31, 2018:

The Company incurred a net loss of $78,894 as compared to a net loss of $64,746 for the comparable period ended August 31, 2017. Total expenses for the three months ended August 31, 2018 amounted to $78,894 as compared to $64,746 for the comparable period ended August 31, 2017 an increase of approximately $14,000. The change can be attributed to the following:

The Company incurred $35,048 in consulting fees paid/or accrued to a company controlled by the CFO and to a director and an officer of the Company and third parties. Which is lower than the $42,857 in consulting fees paid to officers and directors of the Company for the comparable period ended August 31, 2017. The decrease is due to no payments or accrual to the CEO in this quarter.

The Company incurred $14,476 in exploration and evaluation cost as compared to $16,522 for the comparable period ended August 31, 2017. During the current quarter the geological firm gathered core sampling and updated reports, whereas in the prior quarter the Company incurred geological work in connection with the surveying of the property and preparation of the 43-101 report.

The Company incurred $24,547 in professional fees as compared to $2,500 in the comparable period an increase of approximately $22,000 which can be attributed to the additional cost associated with the IPO as the auditor was engaged to review the IPO and interim financial statements and the lawyers assistance in preparing and finalizing the IPO.

The Company incurred $4,798 in transfer agent and filing fees as compared to $2,825 in the comparable period an increase of approximately $2,000 which can be attributed to the CSE listing fee.

During the nine months ended August 31, 2018:

The Company incurred a net loss of $201,348 as compared to a net loss of $181,784 for the comparable period ended August 31, 2017. Total expenses for the nine months ended August 31, 2018 amounted to $201,348 as compared to the $181,784 for the comparable period ended August 31, 2017.

During the nine months ended August 31, 2018, the consulting fees have increased to $112,667 as compared to $69,339 for the comparable period an increase of approximately $43,000 which is mainly due to fees paid or accrued to the directors and officers of the Company (see related party for details), an increase in professional fees and transfer agent and filing fees can be attributed to the cost associated with the filing of the IPO as the Company paid additional fees to the auditor in connection with the reviews of the interim financial statements and the Company had to paid fees in connection with the filing of the IPO. The increases were offset by the decrease in exploration costs from $75,465 to $26,982 in minimal work while it awaits the completion of the IPO and there were no payments made in the current period for property investigation cost as compared to $25,000 which was paid in the prior period to a Company controlled by the CFO of the Company.

On August 22, 2018 the Company filed its final prospectus with the securities.

## Fourth Quarter

N/A

## Liquidity, Financial Position and Capital Resources

The Company has not generated revenue from operations. The Company incurred a net loss of $201,348 for the nine months ended August 31, 2018 and as of that date the Company's accumulated deficit was $473,086. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

As at August 31, 2018 the Company had working capital deficiency of $207,445 consisting of cash in the amount of $7,698, GST receivables of $5,163 and prepaid expense of $2,240 and current liabilities totaling $223,549.

The Company intends to fund future negative cash flows from operating activities through its creditors, short terms loans by way of related parties.

The Company believes that the current capital resources are not sufficient to pay overhead expenses and its exploration expenditure commitment for the next twelve months and will need to seek additional funding to fund its overhead expenses and any future commitments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

The Company anticipate that it's future cash flow commitments for the next twelve months, to be approximately $370,000 to cover its working capital deficiency and estimated future commitments of its overhead expenses and its annual expenditure commitments of approximately $60,000. (See Commitment in Off Balance Sheet Arrangement)

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares, shares for debt, loans and related party loans to fund ongoing operations and investments. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On March 23, 2018, the Company filed its initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE"). On August 22, 2018 the Company filed its final prospectus with the securities.

## Transactions with Related Parties

The Company received a note receivable in the amount of $25,500 instead of cash and, in exchange, for issuance of 2,501,834 common shares of the Company to the shareholders of Go Green. On May 29, 2018, the Company received the $25,500. Go Green was related by way of common directors (Richard Shatto and Craig Watters).

The amount due from related party is non-interest bearing, unsecured and due on demand.

| Name | Relationship | August 31, 2018 | November 30, 2017 |
|---|---|---|---|
| | | $ | $ |
| Due from related parties | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau a shareholder with significant influence | - | 12,888 |
| | | - | 12,888 |

| Name | Relationship | August 31, 2018 | November 30, 2017 |
|---|---|---|---|
| | | $ | $ |
| Accounts payable | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau | 9,487 | 375 |
| Geoff Balderson | CFO | 17,850 | 8,400 |
| Harmony Corporate Services | Controlled by Geoff Balderson | 23,577 | 13,590 |
| Point Nexus | Controlled by Richard Shatto, a director of the Company | 11,025 | 3,675 |
| | | 61,939 | 26,040 |

| | | | |
|---|---|---|---|
| Loans payable | | | |
| Point Nexus | Controlled by Richard Shatto | 100 | 100 |
| Geoff Balderson | CFO | 3,100 | 3,100 |
| Continental Agro Trade Corp. | Common director Richard Shatto | 8,650 | 8,650 |
| 1011705 B.C. Ltd. | Common director Richard Shatto | 76,000 | 6,500 |
| | | 87,850 | 18,350 |

Due from related party represents a non-interest bearing loan, unsecured and payable on demand.
Accounts payable are related to unpaid consulting fees and reimbursement of expenses.
Amounts included in loans payable are funds advanced to the Company as working capital and are non-interest bearing, unsecured and payable on demand.

***Key management compensation***

The Company considers its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and its directors to be key management. During the nine months ended August 31, 2018 the Company had the following charges to its key management.

| **Name** | **Relationship** | **August 31, 2018** | **August 31, 2017** |
|---|---|---|---|
| | | **$** | $ |
| Consulting fees | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau | 48,414 | 28,185 |
| Darrel Woronchak | CEO and President | 20,831 | 16,668 |
| Point Nexus | Controlled by Richard Shatto | 22,422 | 12,436 |
| Geoff Balderson | CFO | 9,000 | 5,500 |
| Harmony Corporate Services | Controlled by Geoff Balderson | 9,000 | 5,300 |
| | | 109,667 | 68,089 |
| Property investigation cost | | | |
| Harmony Corporate Services | Controlled by Geoff Balderson | - | 25,000 |
| | | 109,667 | 93,089 |

On July 31, 2017, the Company issued 4,033,330 common shares at a price of $0.0375 per share to settle an aggregate of $151,250 in unpaid consulting fees with an officer of the Company, two companies each controlled by a director and officer of the Company, respectively, and a company controlled by an individual with significant influence.

Consulting contracts

On May 1, 2017, the Company entered into an independent contractor agreement with 0999650 B.C. Ltd. for consulting services for a period of one year totalling $50,000 commencing on May 15, 2017. As at August 31, 2018, $Nil (November 30, 2017: $19,893) in consulting fees are included in prepaid expenses.

On May 4, 2017, the Company entered into an independent contractor agreement with Point Nexus Consulting Inc. for consulting services for a period of one year totalling $25,000. As at August 31, 2018, $Nil (November 30, 2017: $9,922) in consulting fees are included in prepaid expenses.

On May 8, 2017, the Company entered into an independent contractor agreement with Darrel Woronchak for consulting services for a period of one year totalling $50,000. As at August 31, 2018 $NIl (November 30, 2017: $20,831) in consulting fees are included in prepaid expenses.

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

### Off-Balance Sheet Arrangement

As at August 31, 2018, the Company has the following commitments with respects to its mineral property.

(a) Cash payment of $100,000 and issuance of 1,700,000 common shares as follows:

- (i) $5,000 on or before the execution of this agreement (paid);
- (ii) $5,000 and 600,000 common shares on the earlier of the exchange listing date or August 31, 2018;
- (iii) $5,000 (paid) and 200,000 common shares (issued) on or before the first anniversary date of this agreement, April 5, 2018;
- (iv) $10,000 and 400,000 common shares on or before the second anniversary date of this agreement, April 5, 2019;
- (v) $75,000 and 500,000 common shares on or before the third anniversary date of this agreement, April 5, 2020.

(b) Exploration expenditures of $250,000 on the Property as follows:

- (i) $40,000 on or before May 30, 2017 (incurred);
- (ii) $15,000 on or before July 31, 2017 (incurred);
- (iii) $25,000 on or before October 31, 2018 (incurred);
- (iv) $50,000 on or before the second anniversary date of this agreement, April 5, 2019;
- (v) $120,000 on or before the third anniversary date of this agreement, April 5, 2020.

If the exploration expenditures incurred are less than the amount of the exploration expenditures required to be incurred in any period, the Company may at its option pay the deficiency to Megastar within sixty days after the end of such period in order to maintain the Option in good standing.

### Proposed Transactions

On March 13, 2017, the Company entered into an agreement with Chippingham Financial Group. (the "Agent") to complete an Initial Public Offering ("IPO") for the issue of up to 5,000,000 common shares ("Offering") of the Company at $0.10 per share for gross proceeds of up to $500,000. The Company will grant to the Agent an option, exercisable in whole or in part at any time and from time to time until 30 days following the Closing Date, to offer to sell up to an additional 7% of the number of shares sold under the Offering on the same terms. The Company will pay the Agent a cash commission of 7% of the gross proceeds from the IPO and will issue to the Agent broker warrants to purchase 7% of the number of common shares sold pursuant to the IPO at $0.10 per share for up to 24 months from the date of closing of the IPO. The Company will pay the Agent a Work Fee of $25,000 plus GST, which fee is payable by the issuance of 262,600 common shares of the Company at a deemed price of $0.10 per share. Completion of the IPO is subject to a number of conditions, including but not limited to, the Canadian Securities Exchange ("CSE") acceptance. There can be no assurance that the IPO will be completed as proposed or at all. On March 23, 2018, the Company filed its initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE"). On August 22, 2018 the Company filed its final prospectus with the securities.

## Subsequent Events

N/A

## Critical Accounting Estimates

*Significant Estimates and Assumptions*

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of policies and reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements, along with reported amounts of expenses and net losses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

## Changes in Accounting Policies

<u>Accounting Standards and Amendments Issued but Not Yet Effective</u>

The following new standard and interpretation is not yet effective and has not been applied in preparing the financial statements. The Company is currently evaluating the potential impact of this new standard and does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncement.

- IFRS 9 – *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

- IFRS 15 – *Revenue from Contracts with Customers* (effective January 1, 2018) replaces the previous guidance on revenue recognition and provides a framework to determine when to recognize revenue and at what amount.

- IFRS 16 Leases specifies how an issuer will recognize, measure, present and disclose leases; effective for annual periods beginning on or after January 1, 2019.

## Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, other receivable, due from related party, note receivable, accounts payable and accrued liabilities and loan payable.

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

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.

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, accrued interest receivable and loan receivable. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

The loan payable is non-interest bearing and has no fixed terms of repayment. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The loan payable is non-interest bearing and has no fixed terms of repayment. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars; therefore, currency risk is minimal.

## Business Risks

An investment in securities of the Company involves a high degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. In addition to information set out or incorporated by reference in this MD&A, prospective investors should carefully consider the risk factors set out below. Any one risk factor could materially affect the Company's financial condition and future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company.

### No Operating History

The Company was incorporated on December 1, 2014 and has not commenced commercial operations. The Company has no history of earnings or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

### Exploration and Mining Risks

Resource exploration and development and mining operations are highly speculative and characterized by a number of significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but from finding mineral deposits which, though present, are insufficient in quantity and quality to be mined profitability. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development programs will result in any discoveries of bodies of commercial mineralization. There is also no assurance that even if commercial quantities of mineralization are discovered, a mineral property will be brought into commercial production. The Company will continue to rely upon the advice and work of consultants and others for exploration, development, construction, and operating expertise.

Substantial expenditures are required to establish and upgrade mineral resources, to establish mineral reserves, to develop metallurgical processes to extract metals from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that the funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size and grade; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Unsuccessful exploration and development programs could have a material adverse impact on the Company's operations and financial condition.

### Factors beyond the Company's Control

The mining exploration business is subject to a number of factors beyond the Company's control including changes in economic conditions, intense industry competition, variability in operating costs, changes in government and in rules and regulations of various regulatory authorities. An adverse change in any one of such factors would have a material adverse effect on the Company, its business and results of operations which might result in the Company not identifying a body of economic mineralization, completing the development of a mine according to specifications in a timely, cost effective manner or successfully developing mining activities on a profitable basis.

### Reliance on Independent Contractors

The Company's success depends to an extent on the performance and continued service of certain independent contractors. The Company has contracted the services of professional drillers and others for exploration, environmental, engineering, and other services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company, its business and results of operations and result in the Company failing to meet its business objectives.

### Additional Funding Required

Further exploration on, and development of, the Company's properties may require significant additional financing. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through equity financing, debt financing, the joint venturing of projects or other external sources. Failure to obtain sufficient financing may result in a delay or an indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interest, or have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition or result in the substantial dilution of its interests in its properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If the Company was required to arrange for debt financing it could be exposed to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Company will be successful in overcoming these risks or any other problems encountered in connection with such financings. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company has and will continue to have negative operating cash flow until its mineral property commence commercial production should exploration and development efforts demonstrate that commercial production from such mineral properties is feasible.

**Going Concern**

The Company has not generated revenue from operations. The Company incurred a net loss of $201,348 for the nine months ended August 31, 2018 and as of that date the Company's accumulated deficit was $473,086. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

**Market Price of Common Shares**

The trading price of the common shares is likely to be significantly affected by short term changes in mineral prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business; the lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; and the price of the common shares and size of the Company's public float may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

**Dilution to Common Shares**

During the life of the Company's outstanding common share purchase warrants, as well as options and other rights granted or assumed by the Company, if any, the holders are given an opportunity to profit from a rise in the market price of the common shares. The Company's ability to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the rights may have an adverse effect on the price of the common shares. The holders of common share purchase warrants, options and other rights of the Company may exercise such securities at a time when the Company would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding rights.

The increase in the number of common shares in the market and the possibility of sales of such shares may have a depressive effect on the price of the common shares. In addition, as a result of such additional common shares, the voting power of the Company's existing shareholders will be diluted.

### Future Sales of Common Shares by Existing Shareholders

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

### Future Profits or Losses and Production Revenues and Expenses

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as required consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties and any other properties that the Company may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the Company's acquisition of additional properties, in addition to other factors, many of which are beyond the Company's control.

The Company expects to incur expenditures and losses unless and until such time as the Company's properties are acquired or achieve a sufficient level of commercial production and revenues to fund continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability, nor can there be any assurance that the underlying assumed levels of expenses will prove to be accurate.

### Labor and Employment Matters

While the Company has good relations with its contractors and employees, its operations are dependent upon the efforts of its contractors and employees. In addition, relations between the Company and its contractors and employees may be affected by changes in the scheme of labor relations that may be introduced by the relevant governmental authorities in jurisdictions the Company carries on business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's operations and financial condition.

### Conflicts of Interest

Certain directors and officers of the Company are also directors or officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Directors and officers with conflicts of interests will be subject to, and will follow the procedures set out in, applicable corporate and securities legislation. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**These risk factors could materially affect the Company's future results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.**

## Financial and Disclosure Controls and Procedures

During the nine months ended August 31, 2018, there has been no significant change in the Company's internal control over financial reporting since last year.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's condensed interim financial statements for the period ended August 31, 2018.

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

## Outstanding Share Data

Authorized: Unlimited common shares without par value

Issued and Outstanding:

| | Number of Shares | Amount |
|---|---|---|
| Balance as at August 31, 2018 | 9,246,880 | $276,841 |

| | Number of Shares | Amount |
|---|---|---|
| Balance as at the Date of MDA | 9,246,880 | $276,841 |

As at August 31, 2018 and the date of the MDA, the Company had outstanding 43,890 agent's warrants exercisable into one common share of the Company for $0.05 per share expiring between April 26, 2019 and May 29, 2019.

Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the

Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at the date of the MDA, the Company had 875,000 stock options outstanding exercisable at $0.10 per share expiring five years from the date on which the shares of the Company are first listed and called for trading on a Canadian stock exchange.

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com;

This MD&A has been approved by the Board effective October 30, 2018.

***"Matthew Reams"***
Director, CEO

"***Geoff Balderson"***
Director, CFO