Kootenay Zinc Corp.
Management Discussion and Analysis
For the three months ended May 31, 2020

The Management Discussion and Analysis ("MD&A"), prepared July 30, 2020 should be read in conjunction with the condensed interim financial statements and notes thereto for the three months ended May 31, 2020 of Kootenay Zinc Corp. (the "Company" or "Kootenay") which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all currency amounts are in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the development of the Company's project. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation, certain transactions, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumptions that: (1) any additional financing needed will be available on reasonable terms; and (2) any permits or government approvals needed will be obtained.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure you that any of these assumptions will prove to be correct.

The words "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," "target," "budget," "plan," "projection" and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

DESCRIPTION OF BUSINESS

The Company was incorporated on March 23, 2015 pursuant to the *Business Corporations Act* (British Columbia). The shares of the Company are traded on the Canadian Securities Exchange (the "Exchange") under the symbol "ZNK". The address of its head office and registered office is located at Suite 400-837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

The Company was engaged in the business of mineral exploration and evaluation.

On September 12, 2019, the Company entered into an option agreement with Longford Capital Corp. to acquire 100% interest in the Angus Property. During the three months ended May 31, 2020, the Company decided not to continue its business of mineral exploration and evaluation. The carrying value of the mineral property was fully impaired.

On June 23, 2020, the Company entered into a definitive agreement with Canndora Delivery Ltd. ("Canndora"), Greeny Collaboration Group (Canada) Inc. ("Greeny") and Lifted Innovations Inc. ("Lifted") to complete a business combination. The transaction will result in a reverse takeover and change of business of the Company. The resulting issuer will continue as a media company that specializes in e-commerce.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the acquisition of a business or asset. Management is actively engaged in the review and due diligence on opportunities of merit and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

MANAGEMENT CHANGES

On June 17, 2019, the Company appointed Tara Haddad and Usama Chaudhry following the resignations of both Anthony Jackson and Von Torres as directors of the Company. Ms. Haddad was also appointed as the chief financial officer of the Company, replacing Mr. Jackson.

On September 13, 2019, the Company appointed Tara Haddad as interim chief executive officer of the Company and Von Torres as a board director, following the resignation of Rob Tindall as chief executive officer and director of the Company.

On June 23, 2020, Tara Haddad resigned as interim chief executive officer, chief financial officer and director of the Company. Von Torres, a director of the Company, will replace Tara Haddad as interim chief executive officer and chief financial officer of the Company.

OPERATIONS

Three Months Ended May 31, 2020

During the three months ended May 31, 2020, the Company reported a net loss of $259,741 (2019 - $151,940), an increase in loss of $107,801 as compared to the prior period. The increase in net loss was significantly attributable to the increases of the following expenses: $30,000 (2019 - $15,000) in management fees and $29,315 (2019 - $nil) in exploration and expenditures and $184,540 (2019 - $nil) in RTO transaction cost. The following are decreases in expenses that offset the increase in net loss: $20,000 (2019 - $110,351) in consulting fees, $15,333 (2019 - $17,675) in professional fees and $2,514 (2019 - $6,268) in transfer agent and filing fees. The Company also recognized a foreign exchange gain of $nil (2019 - $3,418), write-off of accounts payable of $4,530 (2019 - $nil), settlement of flow-through premium liability of $12,500 (2019 - $nil) and gain on debt settlement of $30,000 (2019 - $nil). The increase in the Company's net loss was due mainly to the RTO transaction costs and exploration expenditures incurred during the current period.

SUMMARY OF QUARTERLY RESULTS

	Three months ended May 31, 2020	Three months ended February 29, 2020	Three months ended November 30, 2019	Three months ended August 31, 2019	Three months ended May 31, 2019	Three months ended February 28, 2019	Three months ended November 30, 2018	Three months ended August 31, 2018
Net income (loss)	$ (259,741)	$ (312,075)	$ (59,081)	$ 105,991	$ (151,940)	$ (540,884)	$ (335,451)	$ (197,785)
Total assets	98,886	94,532	310,059	151,011	334,916	544,513	816,643	1,128,010
Total liabilities	471,894	332,799	236,251	230,622	520,518	578,175	331,781	307,697
Basic and diluted income (loss) per share	$ (0.02)	$ (0.03)	$ (0.01)	$ 0.01	$ (0.02)	$ (0.06)	$ (0.04)	$ (0.02)

There are no general trends regarding the Company's quarterly results. Quarterly results may vary significantly depending mainly on the Company's current business activities or whether the Company granted any stock options. These factors may account for material variations in the Company's quarterly net losses and are not predictable. The factor which has had the most material effect on quarterly results are the granting of stock option due to the resulting share-based compensation charges which may be significant when they arise. Other factor which has a direct effect on quarterly results is the write down of exploration and evaluation assets.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2020, the Company had cash of $10,722 (February 29, 2020 - $15,719).

During the three months ended May 31, 2020, net cash used in operating activities was $119,997 (2019 - $194,139) which includes: net loss of $259,741 (2019 - $151,940), gain on debt settlement of $30,000 (2019 - $nil), write-off of accounts payable of $4,530 (2019 - $nil), indemnification provision interest of $7,505 (2019 - $nil), increase in GST receivable of $13,451 (2019 - $5,002), decrease in prepaid expenses of $4,100 (2019 - $20,460), and increase in accounts payable and accrued liabilities of $111,590 (2019 - decrease of $57,657).

During the three months ended May 31, 2020, net cash provided by financing activities was $115,000 (2019 - $nil) which includes: proceeds from private placements of $95,000 (2019 - $nil) and loan payable of $20,000 (2019 - $nil).

There was no investing activity during the three months ended May 31, 2020 and 2019.

On October 12, 2017, the Company closed a non-brokered flow-through private placement of 1,000,000 flow-through units (the “FT Unit”) at a price of $0.50 per FT Unit for gross proceeds of $500,000. Each FT Unit consists of one flow-through share of the Company and one common share purchase warrant (the “Warrant”). Each Warrant is convertible into one common share at a price of $1.00 per share and is exercisable for a period of one year. The Warrants were valued at $nil using the residual value method and no value was allocated to the flow-through premium. During year ended February 29, 2020, the Company amended its flow-through filings so that only 500,000 units (for $250,000) were to be considered flow-through units.

On September 12, 2019, the Company issued 2,500,000 common shares of the Company with fair value of $212,500 in pursuant to the agreement between the Company and Longford Capital Corp.

On March 20, 2020, the Company closed a non-brokered private placement consisted of an issuance of non-flow-through (NFT) common shares and flow-through (FT) shares. 1,400,000 NFT common shares were issued at a price of $0.05 per NFT share for gross proceeds of $70,000 and 500,000 FT shares were issued at a price of $0.05 per FT share for gross proceeds of $25,000. The Company has spent the total flow-through proceeds of $25,000 for exploration expenditures during the three months ended May 31, 2020.

On March 20, 2020, the Company issued a total of 1,200,000 common shares with a fair value of $30,000 for a settlement of outstanding debt of $60,000, resulting in a gain on debt settlement of $30,000. The debts settled were related to management fees charged to the Company by former officers and directors.

EXPLORATION AND EVALUATION ASSETS

Angus Property

On September 12, 2019, the Company entered into an option agreement with Longford Capital Corp. to acquire a 100% interest in and to certain minerals properties, together with the surface rights, mineral rights, personal property and permits associated therewith, located in the Angus Property.

The Angus Property is a gold and copper prospect with an area of 1,019 hectares in the Victoria mining division of Vancouver Island. The property has access by logging roads to the north of the Lake Cowichan community, which is owned by Island Timberland and Timberland West.

Highlights of the project:

The property hosts four historic Minfiles and has returned multiple multigram assay results (grams per tonne gold). Historic results include:

- From a gossanous diorite grab sample:
    - 13.0 grams per tonne gold;
    - 14.7 grams per tonne silver; and
    - 0.3376% copper.
- From vein material:
    - 13.03 grams per tonne gold;
    - 29.4 grams per tonne silver;
    - 0.55% lead; and
    - 0.238% sinc.

The area has the potential for hosting a copper-gold porphyry with a historic grab sample of chlorite schist feldspar porphyry near a shear zone running 0.325 gram per tonne gold and 0.472% copper, and a second sample running 1.4 grams per tonne gold, 17.6 grams per tonne silver and 1.58% copper.

Grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property.

Agreement terms:

- The Company is granted the sole and exclusive right and option to acquire a 100% interest in the Angus Property by issuing 3,000,000 shares to the optioners:
  - 2,500,000 shares to be issued upon signing of the agreement (issued); and
  - 500,000 shares to be issued on the first anniversary from the effective date of the agreement.
- The Company is to complete $125,000 in exploration expenditures within 24 months of the effective date of the agreement:
  - The Company grants and agrees to pay to the royalty holder a royalty equal to 2% of the net smelter return royalty in respect of the Angus claims. The Company has the option to buy back 1% of the NSR for consideration of $1,500,000.

During the year ended February 29, 2020, the Company issued 2,500,000 common shares as payment in relation to the option agreement, which were valued at $212,500 and were capitalized to exploration and evaluation assets. During the three months ended May 31, 2020, the Company decided not to continue its business of mineral exploration and evaluation. Accordingly, the carrying value of the mineral property was fully impaired as at February 29, 2020. Exploration expenditures incurred during the three months ended May 31, 2020 have been recorded as expenses for the period.

During the three months period ended May 31, 2020, the Company completed an exploration program on the Angus property over the course of three days. The work included prospecting and rock sampling, as well as geochemical soil sampling over a small grid at an area of interest at the south of the property, which results are currently pending.

Historical anomalies that merited further investigation were sought out and prospected to assess their mineral potential. Multiple anomalous gold-in-soil and rock sample locations were prospected for outcrop, visual mineralization, local geological indicators and access for drilling.

A total of 39 rock grab samples were collected across the property, and 53 soil samples (including two field duplicates) were collected over a 50-metre-by-50-metre grid at the south of the property. The grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel of the Company are the directors and officers of the Company. During the three months ended May 31, 2020, the Company entered into the following transactions with key management personnel and other related parties:

a) Paid or accrued management fees of $30,000 (2019 - $nil) to Tara Haddad, a former director and officer of the Company.
b) Paid or accrued accounting fees of $nil (2019 - $15,000) to Regiis Oak Capital Corp., company controlled by a former director and officer of the Company.

At May 31, 2020, $27,324 (February 29, 2020 - $91,429) was included in accounts payable and accrued liabilities as owing to related parties. Amounts due to related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

During the three months ended May 31, 2020, the Company settled an outstanding debt of $40,000 to a former officer and director and $20,000 to a former officer and director of the Company by issuing a total of 1,200,000 common shares with a fair value of $30,000. The debts settled were related to management fees charged to the Company.

During the three months ended May 31, 2020, the Company received a loan of $20,000 from a company controlled by an officer and director of the Company. This loan is non-interest bearing and due on demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no other proposed transactions as at the date of this MD&A, other than the Proposed Business Combination. Please see the discussion under "Proposed Business Combination" for further information respecting the Proposed Transaction.

CONTINGENCIES

The Company was one of the respondents to the British Columbia Securities Commission ("BCSC") Temporary Order dated November 26, 2018 issued against a group of people and entities. The hearing was held on December 7, 2018. The case centred around share issuances by 11 Exchange issuers (the Company being one of the named issuers in the order) between February 2018 and August 2018. The BCSC is investigating whether the respondents violated securities legislation by participating in a scheme that involved conduct abusive to the capital markets and the illegal distribution of securities. The scheme, as set out by the BCSC, involved listed companies issuing private placement shares without a prospectus. The issuances were done under an exemption normally reserved for consultants. Pursuant to the BCSC decision dated January 15, 2019, the temporary order has not been extended against the Company.

On July 26, 2019, the Company received notice that a class action lawsuit has been filed against the Company, former directors of the Company and certain others in the Supreme Court of British Columbia. The plaintiffs are seeking damages for various possible causes of action, including unlawful conspiracy, misrepresentation and secondary market misrepresentations. The claim has not been certified as a class action as at the date hereof. The Company is of the view that the allegations contained in the claim are without merit and intends to vigorously defend its position.

PROPOSED BUSINESS COMBINATION

On June 23, 2020, the Company entered into a business combination agreement with Canndora Delivery Ltd. ("Canndora"), Greeny Collaboration Group (Canada) Inc. ("Greeny") and Lifted Innovations Inc. ("Lifted") to effect a proposed business combination. This will result in a RTO and change of business of the Company, and the resulting issuer will continue as a media company that specializes in e-commerce.

The Company will, concurrently or prior to closing of the transaction, complete a 1-for-23 share consolidation to reduce the number of common shares of the Company issued and outstanding from 14,964,324 pre-consolidated common shares to 650,623 post-consolidated common shares.

Pursuant to the business combination agreements, the Company will structure the acquisition of all of the issued and outstanding shares of Canndora and Greeny as an amalgamation, pursuant to which Canndora shareholders will receive an aggregate of 18,260,870 resulting issuer shares in exchange for their shares of Canndora, and Greeny shareholders will receive an aggregate of 8,745,373 resulting issuer shares in exchange for their shares of Greeny. Subsequent to May 31, 2020, the Company received the approval of the transaction from 100% of the issued and outstanding shares of both Canndora and Greeny.

Pursuant to the support agreement, the Company will structure the acquisition of Lifted as a takeover bid supported by the board of directors of Lifted for 100% of the issued and outstanding shares of Lifted and options to acquire shares of Lifted, subject to a minimum deposit condition of 50.1% of Lifted common shares. Subsequent to May 31, 2020, the Company entered into lockup agreements with Lifted shareholders (who have agreed to tender into the takeover bid), which represents approximately 61% of the issued and outstanding shares and approximately 73% of the issued and outstanding options of Lifted.

The Company will seek shareholder approval of the transaction and related matters at a shareholder meeting of the Company to be called following the preparation of meeting materials, and the Company will deliver a formal takeover bid offer to the shareholders and option holders of Lifted following the preparation of these materials. The transaction is subject to a number of conditions, including: (i) approval of the Canadian Securities Exchange; (ii) approval of the Company's shareholders; (iii) completion of the consolidation; and (iv) completion of a financing of a minimum of $500,000 and up to $1,500,000 (which the Company has increased from $1,000,000). Subject to the foregoing conditions being satisfied or, if applicable, waived, the transaction is anticipated to close in August, 2020.

Upon closing of the transaction, the Company's name will change to PeakBirch Logic Inc. In connection with the transaction, the parties to the transaction will settle various indebtedness of the Company through the issuance of resulting issuer shares.

It is anticipated that, immediately following the closing of the transaction, financing and various shares-for-debt transactions (and assuming the acquisition of 100% of the issued and outstanding shares of Lifted under the takeover bid, and assuming the maximum financing of $1,500,000), there will be approximately 90,881,891 common shares of the resulting issuer outstanding, with, on a non-diluted basis, current Kootenay, Canndora, Greeny and Lifted shareholders holding approximately 0.8%, 20.09%, 10.08%, 67.59% of the resulting issuer, respectively, and subscribers to the financing holding approximately 1.44% of the resulting issuer. Outstanding options and warrants, as applicable, of Kootenay, Canndora, Greeny and Lifted will be converted on a pro rata basis into options and warrants of the resulting issuer. It is anticipated that a portion of the issued and outstanding shares of the resulting issuer will be subject to the escrow requirements of applicable securities laws. Also, resulting issuer shares issued to Lifted shareholders and Greeny shareholders will be subject to a voluntary hold period of four months from the closing of the transaction.

Additionally, Marcos Kraemer will no longer serve on the board of the resulting issuer and will be replaced by Kang Yau.

During the three months ended May 31, 2020, the Company incurred the RTO transaction cost of $184,540.

SUBSEQUENT EVENT

On June 23, 2020, Tara Haddad resigned as interim chief executive officer, chief financial officer and director of the Company. Von Torres, a director of the Company, will replace Tara Haddad as interim chief executive officer and chief financial officer of the Company.

COVID-19

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.

FINANCIAL INSTRUMENTS

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.
The following table shows the classification under IFRS 9:

Financial assets/liabilities	**IFRS 9 classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost

Measurement

Financial assets at FVTOCI
Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of profit or loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of profit or loss.

Impairment of financial assets at amortized cost

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset’s credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of profit or loss.

LEASES

IFRS 16 *Leases*

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

Risks and Uncertainties

The Company was engaged in the acquisition and exploration of natural resource properties, an inherently risky business, and there is no assurance that economically recoverable resources will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of economically recoverable resources. Exploration activities require large amounts of capital. There is a risk that during the current difficult economic situation the Company will not be able to raise sufficient funds to finance its projects to a successful development and production stage.

While the Company's management and technical team carefully evaluate all potential projects prior to committing the Company's participation and funds, there is a high degree of risk that the Company's exploration efforts will not result in discovering economically recoverable resources. The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

RISK MANAGEMENT

The Company classifies its financial instruments as follows:

- Cash is classified as a financial asset at FVTPL
- Accounts payable and accrued liabilities, at amortized cost
- Loan payable, at amortized cost

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's risk exposure and the impact on the Company's financial instrument is summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash.

The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk on receivables, as these amounts are due from government agencies. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company is not exposed to significant liquidity risk. All of the Company's financial liabilities have contractual maturities of less than 90 days.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk. The Company is not exposed to significant market risk.

SHARE CAPITAL

<u>Issued</u>

The Company has 14,964,329 issued and outstanding as at May 31, 2020 and July 30, 2020.

Share Purchase Options

The Company has nil stock options outstanding as at May 31, 2020 and July 30, 2020.

Share Purchase Warrants

The Company has nil purchase warrants outstanding as at May 31, 2020 and July 30, 2020.

Escrow Shares

The Company has nil shares held in escrow as at May 31, 2020 and July 30, 2020.