

**WALCOTT RESOURCES LTD.**  
**(The “Company”)**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**1. EFFECTIVE DATE AND FORWARD-LOOKING STATEMENTS**

---

**1.1. Reporting date and effective date**

The following Management’s Discussion and Analysis (“MD&A”) of the operating results and financial position of the Company should be read in conjunction with the condensed interim financial statements and related notes for the nine month period ended June 30, 2019 and the period from inception to June 30, 2018, and the audited financial statements as at and for the period ended September 30, 2018. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”) as issued by the International Accounting Standards Board (“IASB”). All dollar amounts presented in this MD&A are Canadian dollars unless otherwise stated.

The effective date of this MD&A is August 29, 2019.

**1.2. Forward-looking Statements**

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company’s plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate”, “believe”, “estimate”, “expect”, “budget”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions; actual results of current exploration activities and unanticipated reclamation expenses; fluctuations in prices of gold and other commodities; fluctuations in foreign

currency exchange rates; increases in market prices of mining consumables; possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates; as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company's management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mining properties. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Readers should refer to Section 11 - Risks and Uncertainties below.

## **2. DESCRIPTION OF BUSINESS**

---

Walcott Resources Ltd. is a natural resource exploration company in the business of owning, exploiting, exploring, developing and evaluating mineral properties, as well as future production and future disposal once production is completed.

The Company was incorporated under the British Columbia, Canada, Business Corporations Act on December 11, 2017. The head office and principal address of the Company is located at Suite 708 – 1155 West Pender Street, Vancouver, BC, V6E 2P4.

### **2.1. The Offering**

On July 30, 2019, the Company completed its initial public offering (the "Offering"). Pursuant to the Offering, the Company issued in aggregate 3,500,000 common share at \$0.10 per common share for gross proceed of \$350,000. The Company issued 315,000 finders' warrants with an exercise price of \$0.15 to the agent. Walcott's common shares were listed on the Canadian Securities Exchange on July 30, 2019 under the trading symbol "WAL".

## 2.2. Cobalt Hill Property

Pursuant to an option agreement (the “Agreement”) dated February 5, 2018, the Company was granted an option to acquire a 100% undivided interest in certain Cobalt Hill mineral claims (the “Property”) located in the Trail Creek Mining Division in British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by making cash payments totaling \$355,000, and issuing a total of 1,100,000 common shares of the Company as follows:

- Upon signing the Agreement – 200,000 common shares (estimated at \$10,000 using a share price of \$0.05 and issued on September 29, 2018) and \$35,000 in cash (paid);
- On or before February 5, 2019 - 200,000 common shares (estimated at \$10,000 using a share price of \$0.05 and issued on February 5, 2019) and \$40,000 in cash (paid);
- On or before February 5, 2020 - 300,000 common shares and \$80,000 in cash;
- On or before February 5, 2021 - 400,000 common shares and \$200,000 in cash.

The optionor will retain a 1.5% Net Smelter Returns royalty on the Property.

The following is a summary of exploration and evaluations costs incurred during the nine months ended June 30, 2019:

	<b>Acquisition Costs / Property Option Cash Payments</b>	<b>Acquisition Costs / Property Option Payment in Shares</b>	<b>Exploration Cost / Preparation of Technical Report</b>	<b>Exploration Cost / Field Geophysical</b>	<b>Exploration Cost / Prospecting</b>	<b>Total</b>
Balance, September 30, 2018	35,000	10,000 <sup>1</sup>	25,872	51,562	1,050	123,484
Acquisition and exploration costs	40,000	10,000 <sup>1</sup>	-	-	-	50,000
<b>Balance, June 30, 2019</b>	<b>75,000</b>	<b>20,000</b>	<b>25,872</b>	<b>51,562</b>	<b>1,050</b>	<b>173,484</b>

<sup>1</sup>200,000 shares valued at \$0.05 per share

### 3. OUTLOOK AND GOING CONCERN

---

#### 3.1. Outlook

The Company is focused on the exploration of its mineral properties, as well as defining and expanding its mineral resources both through exploration programs, staking, and acquisition. The Company intends to seek financing to support these activities, as well as the costs of marketing and administration as a publicly listed issuer. The Company also intends to seek out accretive acquisition opportunities to increase shareholder value.

#### 3.2. Going concern

The Company's financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three and nine months ended June 30, 2019, the Company incurred a net loss of \$9,862 and \$55,862 respectively. As of that date, the Company had a deficit of \$76,295 and a working capital deficit of \$15,979. There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to finance operating costs with the proceeds from equity financings. The Company's financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

### 4. OVERALL PERFORMANCE AND RESULTS OF OPERATION

---

#### 4.1. Overall Performance

The following table summarizes selected information from the Company's financial statements for the nine months ended June 30, 2019.

---

	<b>Nine months ended June 30, 2019</b>
	<b>(unaudited)</b>
	\$
Net revenues	Nil
General and administration expenses	(804)
Loss for the period	(55,862)
Deficit	(76,295)

Acquisition Costs/ Property Option Cash Payments	<b>40,000</b>
Acquisition Costs/ Property Option Payment in Shares	<b>10,000</b>
Exploration Cost / Preparation of Technical Report	<b>Nil</b>
Exploration Cost / Field Geophysical	<b>Nil</b>
Exploration Cost / Prospecting	<b>Nil</b>
Total assets	<b>192,388</b>
Total long term liabilities	<b>21,000</b>
Dividends	<b>Nil</b>
Loss per share	<b>(\$0.01)</b>

---

During the period ended December 31, 2017, a total of 2,000,000 Common Shares at \$0.005 per Common Share for gross proceeds of \$10,000 were subscribed for by the directors and officers of the Company, allowing the Company to effectively commence operations.

On January 22, 2018, the Company issued 6,750,000 flow-through Common Shares at \$0.02 per flow-through Common Share for gross proceeds of \$76,000.

On February 5, 2018, the Company entered into the Option Agreement whereby the Company was granted an option to acquire a 100% right, title and interest in and to certain Cobalt Hill mineral claims (the "Property"). The option is exercisable by paying a total of \$355,000 over a period of three years from the date of the signing of the Option Agreement and issuing a total of 1,100,000 Common Shares to the Vendors over a period of three years from the date of the signing of the Option Agreement.

On February 15, 2018, the Company issued 2,220,000 Common Shares at \$0.05 per Common share for gross proceeds of \$111,000. The share issuances were used primarily to fund initial exploration activities as well as general corporate and administrative costs. No additional financing activities were completed during the nine months ended June 30, 2019.

During the period from incorporation in December 2017 to September 30, 2018, the company initiated certain exploration activities on the Property, spending \$78,484 which was capitalized by the Company. No additional exploration costs were incurred during the nine months ended June 30, 2019.

#### **4.2. Results of Operations**

The Company incurred a loss of \$55,862 for the nine months ended June 30, 2019, on account of audit and legal fees and other general administrative costs.

The Company expects that the proceeds raised pursuant to an Initial Public Offering will fund operations for a minimum of 12 months after the completion of the Offering. The estimated total operating costs

necessary for the Company to achieve its stated business objectives during the 12 months subsequent to the completion of the Offering is \$82,600, including all material capital expenditures during that period.

#### **4.3. Liquidity and Capital Resources**

As described above, the Company raised \$197,000 during the year ended September 30, 2018, by way of private placements. The net working capital of the Company at March 31, 2019 was a deficit of \$15,979 (September 30, 2018 – positive working capital of \$58,883). The Company has a negative cash flow from operations due to the fact that it is an exploration stage company and therefore financings have been the sole source of funds.

As at June 30, 2019, the Company's current assets are not sufficient to support the company's general administrative and corporate operating requirements on an ongoing basis for the foreseeable future. Accordingly, further financing will be required and the Company will have to raise additional funds to continue its operations. Please see Overall Performance section with respect to the Company's financing plans.

##### Liquidity Outlook

The Company's cash position is highly dependent on its ability to raise cash through financings. Based on the Company's financial position as at June 30, 2019, the Company will need to complete additional external financing either through equity, debt or other forms of financing. As other opportunities become available to the Company and subject to exploration work on the Company's project and results from such exploration program is determined, management may be required to complete additional financing.

This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on exploration program results and/or external opportunities. At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company will need to raise funds through equity sales, from the exercise of convertible securities, debt, deferral of payments to related parties, or other forms of raising capital. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the short and long term but recognizes that there will be risks involved which may be beyond its control.

#### 4.4. Capital resources

The capital of the Company consisted of equity, net of cash.

	<b>June 30, 2019</b>	September 30, 2018
	<b>\$</b>	<b>\$</b>
Equity	<b>212,800</b>	202,800
Less: cash	<b>(3,104)</b>	(65,545)
	<b>209,696</b>	137,255

#### 4.5. Contractual Obligations

The Company is subject to certain contractual obligations associated with Cabin Hill pursuant to the Agreement as discussed above.

The Company has an obligation to repay loans from two directors in the aggregate amount of \$21,000. These loans are non-interest bearing and have no specific terms of repayment.

The Company has no other material and long-term contractual obligations.

### 5. TRANSACTIONS WITH RELATED PARTIES

---

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). During the nine month period ended June 30, 2019, the Company accepted loans from two directors of the Company in the aggregate amount of \$21,000. Such loans are non-interest bearing with no specific terms of repayment.

### 6. OFF BALANCE SHEET ARRANGEMENTS

---

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

### 7. CRITICAL ACCOUNTING ESTIMATES

---

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management’s experience and

expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

Critical judgements exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements are as follows:

*i. Provisions*

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

*ii. Income taxes*

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Company's transactions.

## **8. SIGNIFICANT ACCOUNTING POLICIES**

---

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), effective as of June 30, 2019. The Company's significant accounting policies are described in note 3 of the Company's financial statements for the year ended September 30, 2018.

## **9. RISK AND UNCERTAINTIES**

---

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the year ended September 30, 2018.

## **10. OTHER REQUIREMENTS**

---

### **10.1. Outstanding Common Shares**

The total number of outstanding common shares and warrants at August 29, 2019, are 11,920,000 and 315,000 respectively.