WALCOTT RESOURCES LTD.

MANAGEMENT DISCUSSION & ANALYSIS FOR THE

YEAR ENDED SEPTEMBER 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 audited financial statements and related notes for the period from incorporation to September 30, 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. The effective date of this MD&A is January 28, 2020.

Business Overview

The Company was incorporated in the province of British Columbia on December 11, 2017. The head office and principal address of the Company is located at 1315 Moody Avenue, North Vancouver, BC V7L 3T5.On July 20, 2019, the Company completed its initial public offering and listed on the Canadian Securities Exchange ("CSE") under the symbol "WAL".

Its principal business comprises the exploration for and development of mineral properties. The Company is in the exploration stage.

<u>Cobalt Hill Property</u>

Pursuant to an option agreement (the "Agreement") dated February 5, 2018 and amended April 25, 2019, 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, as amended, 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 2, 2018) and $35,000 in cash (paid);
- On or before February 5, 2019 - 200,000 common shares (issued) and $40,000 in cash (paid);
- On or before February 5, 2020 - 300,000 common shares;
- On or before August 5, 2020 - $80,000 in cash; and
- 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 period ended September 30, 2019:

	Acquisition Costs / Property Option Cash Payments	Acquisition Costs / Property Option Payment in Shares	Exploration Cost / Preparation of Technical Report	Exploration Cost / Field Geophysical	Exploration Cost / Prospecting	Total
Balance, September 30, 2018	35,000	10,000[1]	25,872	51,562	1,050	123,484
Acquisition and exploration costs	40,000	10,000[1]	-	8,040	-	58,040
Balance, September 30, 2019	**75,000**	**20,000**	**25,872**	**59,602**	**1,050**	**181,524**
						0

[1]200,000 shares valued at $0.05 per share

Overall Performance and Results of Operations

Year Ended September 30, 2019

The following table summarizes selected information from the Company's audited financial statements for the period from incorporation to September 30, 2019.

Selected Annual Information

	For the 12 month period ended September 30, 2019 (audited)	For the period from incorporation on December 11, 2017 to September 30, 2018 (audited)
Net revenues	Nil	Nil
Listing Fees	($76,514)	Nil
Professional Fees	($24,395)	($20,256)
Marketing and Promotion	($19,700)	Nil
Management and Consulting	($6,688)	Nil
General and administration expenses	($1,800)	($177)
Loss for the period	($129,097)	($20,433)
Deficit	($149,530)	-
Acquisition Costs/ Property Option Cash Payments	40,000	35,000
Acquisition Costs/ Property Option Payment in Shares	10,000[1]	10,000[1]
Exploration Cost / Preparation of Technical Report	Nil	25,872
Exploration Cost / Field Geophysical	8,040	51,562

Exploration Cost / Prospecting	Nil	1,050
Total assets	$383,373	203,432
Total long term liabilities	Nil	Nil
Dividends	Nil	Nil
Loss per share	($0.01)	($0.00)

1 200,000 shares valued at $0.05 per share

There was a significant increase in expenses during the year ended September 30, 2019 as compared to the year ended September 30, 2018. The increase is due to fact that the Company undertook the Offering (as described below) and the obtained its Listing on the Canadian Securities Exchange.

Overall Performance

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 shares 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.

During the period from incorporation in December 2017 to September 30, 2019, the company initiated certain exploration activities on the Property, spending $86,524 which was capitalized by the Company.

The components of expensed exploration costs are described above in the Cobalt Hill Property section and in the accompanying audited financial statements of the Company.

Results of Operations

The Company incurred a loss of $129,097 during the twelve month period ended September 30, 2019 as compared to a loss of $20,433 for 2018 and the increase is due to larger fees resulting to the Company's listing in 2019, The expenses incurred by the Company in 2019 are as follows:

Expense	**Amount ($)**
Listing Fees	76,514
Professional Fees	24,395
Marketing and Promotion	19,700
Management and Consulting	6,688
Office and Miscellaneous	1,800

Summary of Quarterly Results

The Company had no operating activities in the first two quarters of 2018 and limited activities prior to listing in 2019.

The following table sets out selected unaudited financial information for the eight most recent quarters. The financial data has been prepared in accordance with IFRS.

	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2018	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017
Total Revenues	-	-	-	-	-	-	-	-
Net (loss) income and comprehensive (loss) income	(73,235)	(9,862)	(17,241)	(28,759)	(864)	(19,569)	-	-
Total assets	383,373	192,388	186,697	177,151	203,432	220,107	-	-
Working Capital Surplus/(Deficit)	194,273	(36,979)	(31,330)	30,124	58,883	9,741	-	-
Long-term liabilities	-	-	-	-	-	-	-	-
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Three Month Period Ended September 30, 2019

During the three months ended September 30, 2019 (the "Current Quarter"), the Company reported a loss and comprehensive loss of $73,235 compared to $909 during the three months ended September 30, 2018 (the "Prior Quarter"), representing a decrease in loss of $72,325, mainly due to the significant increase in listing fees as the Company obtained its Listing on Canadian Securities Exchange.

Liquidity and Capital Resources

As described above, the Company raised $350,000 during the twelve month period ended September 30, 2019 by way of the Offering described above. The net working capital of the Company at September 30, 2019 amounted to $194,273 (September 30, 2018: $58,883). The Company does not have any 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.

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 September 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.

Going Concern

The Company's consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue and, as at September 30, 2019, had an accumulated deficit of $149,530. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company will need to raise sufficient funds as the Company's current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

The Company spent $8,040 during the period ended September 30, 2019 on exploration activities on Cobalt Hill claims (September 30, 2018: $78,484) which were capitalized. The funds spent on exploration activities were raised through share issuances as outlined above in Overall Performance.

The Company is required to make the scheduled payments of cash and shares detailed under the Cobalt Property Section in order to keep the property option in good standing.

Contractual Obligations

The Company is subject to certain contractual obligations associated with the Cobalt Hill Option Agreement as discussed above. The Company has no other material and long-term contractual obligations.

Significant Accounting Policies and Estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgment on matters which are inherently uncertain. Details of the Company's significant accounting policies can be found in Note 2 of the audited financial statements for the period from incorporation to September 30, 2018 included in the Prospectus.

Transactions with Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended September 30, 2019, the Company incurred $6,688 (September 30, 2018: Nil) in key management personnel cost from related parties and no other related party transactions have been completed.

During the year period ended September 30, 2019, the Company accepted loans from two directors of the Company in the aggregate amount of $21,000. Such loans were non-interest bearing with no specific terms of repayment and were repaid during the year.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Financial Instruments and Risk Management

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and accounts payable. Cash is classified as FVTPL and accounts payable are classified at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

i) 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. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable are all current and due within 90 days of the balance sheet date.

iv) Market risk

a. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A change of 100 basis points in the interest rates would not be material to the financial statements.

b. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables constant, an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the period ended September 30, 2019 would have varied by a negligible amount.

<u>Outstanding Common Shares</u>

As at January 28, 2020:

- the Company's share capital was comprised of 11,920,000 Common Shares. 4,412,970 of these shares are held in escrow;
- 700,000 shares remain issuable under the Option Agreement;
- 315,000 Share Purchase Warrants, priced at $0.15 are outstanding and expire on July 30, 2021

Recent Accounting Pronouncements

There was no impact on the Company's financial statements from the following new standards adopted effective October 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 –Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five–step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

New Accounting standards issued but not yet effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

Effective for annual periods beginning on or after October 1, 2019

IFRS 2 Share-based Payment

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

IFRS 16 Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company does not expect the adoption of these standards and interpretations to have significant impact to the financial statements.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after July 1, 2017, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list above.

Forward-Looking Statements

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Risks and Uncertainties

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in exploration and evaluation assets and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.

b) The most likely source of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company which are likely to result in substantial dilution to the holdings of existing shareholders.

c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

d) The prices of metals greatly affect the value of and the potential value of its exploration and evaluation assets. This, in turn greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.

e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.

f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.

g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statement. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.