

WALCOTT RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2020

The following Management's Discussion and Analysis ("**MD&A**") has been prepared by management, in accordance with the requirements of NI 51-102 as of January 28, 2021 and should be read in conjunction with the audited financial statements for the year ended September 30, 2020 and September 30, 2019, the audited financial statements for the years ended September 30, 2019 and 2018, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("**IFRS**"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

Business Overview

The Company was incorporated in the province of British Columbia on December 11, 2017. Its principal business comprises the exploration for and development of mineral properties. The Company is in the exploration stage.

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

In March 2020, there was a global outbreak of COVID-19, which continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact the Company will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, social distancing, business closures or business disruptions, and the effectiveness of actions taken by countries to contain and treat the disease.

Subsequent to September 30, 2020, John Mirko and Mike Cowin resigned from their positions as directors. The Company appointed Robert Kang as a new independent director to the Company's board of directors.

Cobalt Hill Property

Pursuant to an option agreement (the "Agreement") dated February 5, 2018, amended on April 25, 2019 and July 3, 2020, 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 (measured 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 (measured 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 (issued January 30, 2020);
- On or before August 5, 2020 - 15,000 in cash; (paid)
- On or before December 31, 2020 - 65,000 in cash; (paid) (Subsequent to September 30, 2020)
- 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 asset expenditures to September 30, 2020 and September 30, 2019:

	Cobalt Hill Property
Acquisitions:	\$
Balance, September 30, 2018	45,000
Additions	50,000 ¹
Balance, September 30, 2019	95,000
Additions	75,000 ²
Balance, September 30, 2020	170,000
Exploration and evaluation expenditures:	
Balance, September 30, 2018	78,484
Geological and permitting	8,040
Balance, September 30, 2019	86,524
Geological and permitting	15,114
Balance, September 30, 2020	101,638
Balance, September 30, 2019	181,524
Balance, September 30, 2020	271,638

¹Includes 200,000 shares valued at \$0.05 per share and \$40,000 paid in cash

²Includes 300,000 shares valued at \$0.20 per share and \$60,000 paid in cash

Overall Performance and Results of Operations

The following table summarizes selected information from the Company's audited financial statements for the period from incorporation to September 30, 2020.

Selected Annual Information

	For the year ended September 30, 2020 (audited)	For the year ended September 30, 2019 (audited)	For the period from incorporation to September 30, 2018 (audited)
	\$	\$	\$
Net revenues	Nil	Nil	Nil
Listing Fees	Nil	(76,514)	Nil
Regulatory and filing	(41,007)	Nil	Nil
Professional fees	(46,709)	(24,395)	(20,256)
Marketing and promotion	(15,453)	(19,700)	Nil
Management and consulting	(365,672)	(6,688)	Nil
General and administration expenses	(5,505)	(1,800)	(177)
Share-based compensation	(196,000)	Nil	Nil
Net loss	(670,346)	(129,097)	(20,433)
Deficit	(819,876)	(149,530)	(20,433)
Exploration and evaluation	271,638	181,524	123,484
Total assets	3,079,357	383,373	203,432
Total long-term liabilities	Nil	Nil	Nil
Net loss per share	(\$0.05)	(\$0.01)	(\$0.00)

Overall Performance

Cobalt Hill Property

During the year ended September 30, 2020, the company completed certain exploration activities on the Cobalt Hill Property, spending \$90,114 (September 30, 2019 - \$58,040) including acquisition costs which was capitalized to exploration and evaluation assets. The 2020 exploration program was designed to follow-up on zones of known high grade gold mineralization which occur at numerous locations on the property and are well described in historic assessment reports filed with the BC Ministry of Energy and Mines. It will also assess the potential for larger zones of lower grade gold mineralization on the property. Activities will include compiling historic geochemical, geological and geophysical data along with ground truthing, mapping and sampling to follow-up areas of interest.

Acquisition of Australian Silver Projects

On August 13, 2020, the Company entered into a share exchange agreement to acquire 60% of a company that owns a 100% interest (subject to a 2% NSR) in two prospective silver-zinc projects in Australia, being the Tyr Silver Project and the Century South Silver-Zinc Project. Pursuant to the terms of the Definitive Agreement, Walcott will issue of 15,000,000 common shares of at a deemed price of \$0.305 per share as consideration and 675,000 common shares to an arm's length third party at a deemed price of \$0.305 per share. The transaction was completed subsequent to September 30, 2020.

During the quarter ended September 30, 2020, the Company had net loss of \$599,392 compared to net loss of \$73,235 during the quarter ended September 30, 2019. The increase in the net loss of \$526,196 is mainly due to an increase in consulting fees for advisory, marketing and administration as the Company evaluated strategic transactions, and an increase in share-based compensation for stock options granted to directors and officers.

Liquidity and Capital Resources

The net working capital of the Company at September 30, 2020 amounted to \$2,68,590 (September 30, 2019: \$194,273).

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.

During the year ended September 30, 2020, the Company completed the following transactions:

- In February, 2019, the Company issued 200,000 common shares to the optionor pursuant to the Option Agreement.
- 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.
- On January 30, 2020, the Company issued 300,000 common shares to the optionor pursuant to the Option Agreement.
- On August 6, 2020, the Company issued 4,000,000 units (each, a "Unit") of the Company at a price of \$0.10 per Unit for aggregate proceeds of \$400,000 (the "Private Placement"). Each Unit consisted of one common share of the Company and one non-transferable share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at an exercise price of \$0.15 per share for a period of 24 months from the date of the closing.

Subsequent to September 30, 2020, the Company completed the following transactions:

- Subsequent to the year ended September 30, 2020, the Company issued 1,965,267 common shares from the exercise of warrants for gross proceeds of \$294,790.
- Subsequent to the year ended September 30, 2020, the Company issued 15,675,000 common shares at a deemed price of \$0.305 for a 60% interest in the Australian silver projects announced October 16, 2020.
- Subsequent to the year ended September 30, 2020, the Company granted 500,000 stock options to an officer and consultant of the Company with an exercise price of \$0.90.

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, 2020, 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, 2020, had an accumulated deficit of \$819,876. 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 \$15,114 during the year ended September 30, 2020 on exploration activities on Cobalt Hill claims (2019: \$8,040) which were capitalized. The funds spent on exploration activities were raised through share issuances.

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 annual financial statements for year ended September 30, 2020.

New Accounting Standards

The Company is aware of certain new accounting standards which are reasonably expected to have an impact on disclosures, financial position or performance when applied at a future date. Details of these changes can be found in Note 4 of the audited annual financial statements for the year ended September 30, 2020.

Related Party Transactions

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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and former Chief Financial Officer ("CFO"). During the year ended September 30, 2020, the Company had the following transactions with related parties:

	Year ended September 30,	
	2020	2019
	\$	\$
Management fees	35,000	6,688
Share-based compensation	196,000	-
	231,000	6,688

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at September 30, 2020 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency Risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

Interest Rate Risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the risk, the Company places these instruments with a high-quality financial institution.

Liquidity Risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

Outstanding Common Shares

As at the date of this MD&A:

- 45,389,017 Common Shares issued and outstanding including 2,941,980 held in escrow;
- 400,000 common shares remain issuable under the Option Agreement;
- 2,930,037 Share Purchase Warrants; and
- 1,200,000 stock options