

## **IMC INTERNATIONAL MINING CORP.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the three months ended March 31, 2020**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements and notes thereto for the three months ended March 31, 2020 of IMC International Mining Corp. (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

#### **DATE**

This MD&A is prepared as of June 1, 2020.

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of precious and base metals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in the state of Arizona regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

#### **DESCRIPTION OF BUSINESS**

The Company was incorporated under the laws of the province of British Columbia on August 30, 2018 under the name IMC International Mining Corp. for the purposes of a plan of arrangement with Chemesis International Inc. ("Chemesis"), a publicly traded company. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties in British Columbia and Arizona, USA. The Company has focused on its acquisition of interests in the State of Arizona, USA, through its wholly-owned subsidiary, Canadian Mining of Arizona Inc. ("CMAI"). The Arizona subsidiary was incorporated April 17, 2007 under the name Canadian Mining of Arizona Inc. The Company acquired the wholly-owned subsidiary and all of its issued and outstanding shares along with all of its assets as part of the plan of arrangement with CMAI's then parent company Chemesis.

## DESCRIPTION OF BUSINESS (CONTINUED)

The Company and Chemesis entered into a plan of arrangement (the “Arrangement”) completed February 1, 2019. Under the terms of the Arrangement, the Company issued 6,493,242 common shares to Chemesis in exchange for Chemesis' 100% interest in Canadian Mining of Arizona Inc.

On January 2, 2020, the Company completed a share split, whereby two common shares were issued for every old common share outstanding. See Note 1 of the consolidated financial statements for the year ended December 31, 2019.

The Company currently has two mineral exploration properties, the Bullard Pass Property located in Arizona, USA, and the Thane Property located in north-central British Columbia as part of the recently completed (subsequent to March 31, 2020) acquisition of Thane Minerals Inc, the details of which are set out below. The Company has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

## HIGHLIGHTS

- On January 24, 2020, the Company provided an update on its recently completed soil sampling program at its Bullard Pass Property. The Company also announced that Mr. Faizaan Lalani has joined the Board of Directors.
- On February 13, 2020, the Company announced that it has entered a letter of intent with Thane Minerals Inc. to acquire 100% of Thane. Thane holds a 100% interest in the Thane Project in British Columbia.
- On February 24, 2020, the Company completed a 3,110,000 unit private placement at \$0.25 per unit for gross proceeds of \$777,500. Each unit consists of one common share and one common share purchase warrant, exercisable for \$0.40 for two years.

The Company also announced the appointment of David Charlton as CFO of the Company and thanked the outgoing CFO, Eli Dusenbury for his assistance with completing the spin out transaction and successful listing.

- On March 3, 2020, the Company announced that it has received approval and is listed on the Frankfurt Stock Exchange under the symbol 3MX.
- On March 18, 2020, the Company announced that it has entered into a definitive agreement for the acquisition of Thane Minerals Inc. (“Thane”). In consideration of the acquisition of 100% of the issued and outstanding common shares of Thane, the Company has agreed to issue an aggregate of \$2,000,000 worth of common shares in the capital of the Company at a deemed price of \$0.38, representing 5,263,158 shares. The shares will be escrowed over a 36-month period.
- On April 2, 2020, the Company announced that it has successfully completed the acquisition of Thane Minerals Inc. as previously announced on March 18, 2020.

The Company also announced the appointment of Mr. Thomas Greg Hawkins as Director and Chairman of the Board of the Company, in connection with the acquisition.

- On April 6, 2020, the Company announced that it engaged CME Consultants Inc. to begin geochemical program on the Company's Thane Property including the Thane Project.
- On April 15, 2020, the Company announced the appointment of Mr. Jeffrey Reeder to its Advisory Board.
- On April 16, 2020, the Company announced that it has entered into a draw down equity financing of up to \$8,000,000 with Alumina Partner, LLC, a New York based private equity financing for the purpose of continuing its growth strategy through exploration and acquisition. The agreement details the purchase of up to \$8,000,000 of the Company's units consisting of one common share and one common share purchase warrant at discounts ranging from 15% to 25% of the market price. The financing is at the sole discretion of the Company allowing for the ability to access funds as necessary.

## HIGHLIGHTS (CONTINUED)

- On April 27, 2020, the Company announced a brokered private placement of up to \$1,000,000 led by Gravitas Securities or 2,083,333 units of the Company at a deemed price of \$0.48. Each unit will be comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at an exercise price of \$0.60 for a period of two years. In connection with the offering, the Company has granted the agents an option exercisable in whole or in part at any time up to two days prior to closing of the offering to increase the offering by up to an additional 2,083,333 units for additional gross proceeds of \$1,000,000. The agents will be entitled to a cash fee equal to 8% of the cash proceeds received from the sale of units and to broker warrants equal to 8% of the number of units sold.
- On May 4, 2020, the Company announced a brokered private placement of up to 769,230 common share of the Company issued on a flow-through basis at a price of \$0.65 per flow-through share for gross aggregate proceeds of up to \$500,000.

The Company also announced that the agents of the previously announced brokered private placement on April 27, 2020 intend on exercising their option to increase the size of the offering.

- On May 6, 2020, the Company provided an update on the analytical geochemical program previously announced on the Thane Properties.
- On May 14, 2020, the Company announced the closing of \$1,768,719 brokered private placements led by Gravitas Securities previously announced on April 27 and May 4.
- On May 26, 2020, the Company provided an update on the ongoing compilation work on the Thane Property.

## EXPLORATION ACTIVITY

### BULLARD PASS PROPERTY – ARIZONA, USA

In 2007 the Canadian Mining of Arizona Inc. staked the DB 1 to 176 mineral claims totalling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres, located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”). The Company subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims. The Company has recently staked additional claims to increase the Property to 171 claims. The Company is evaluating the property to determine if further exploration will be performed.

### THANE PROPERTY – NORTH-CENTRAL, BRITISH COLUMBIA

The Thane Property covers approximately 206km<sup>2</sup> (50,904 acres) and is located in the Quesnel Terrane of north-central British Columbia. The northern part of the Quesnel Terrane extends from south of the Mt. Milligan Mine northward to the Kemess Mine, with the Thane Property located midway between these two copper-gold porphyry deposits. This property includes several highly prospective mineralized areas identified to date, including the “Cathedral Area” on which the Company’s exploration is currently focused.

## OVERALL PERFORMANCE

During the three months ended March 31, 2020, the Company continued its exploration activities investing \$9,232 on its Bullard Pass exploration and evaluation activities. Major expenses include management fees of \$37,000, professional fees of \$38,340, and advertising and marketing of \$455,894.

The Company’s major assets are exploration and evaluation assets of \$275,397 related to the Bullard Pass Property, prepaid expenses of \$578,512, and a promissory note receivable of \$75,974. Significant liabilities include \$144,068 in accounts payable and accrued liabilities.

## RESULTS OF OPERATIONS

As an exploration stage company, the Company has not generated revenues to date from its properties and anticipates that it will continue to require equity financing to fund operations until such time as its properties are put into commercial production on a profitable basis. Please see “Description of Business” for management’s plans for the Company. The following highlights the key operating expenditures during the current three months ended March 31, 2020 compared to the three months ended March 31, 2019.

During the three months ended March 31, 2020, the Company incurred a net loss of \$609,344 (March 31, 2019 - \$28,694). The net loss for the period ended March 31, 2020 consists primarily of the following:

- Management fees of \$37,000 consists of CEO and CFO services used in operational and corporate activities and reflects the needs of the Company as it strengthens exploration and evaluation activities and consists of the fees incurred to complete the financing and acquisition transactions;
- Filing fees of \$24,790 primarily consists of fees incurred to complete its listing transaction and regulatory matters;
- Advertising and marketing of \$455,894 consists primarily of expenses incurred for its investor relations agreements;
- Professional fees of \$38,340 consists primarily of legal fees incurred for general corporate and completing acquisition transactions;
- Consulting fees of \$22,296 consists primarily of fees for strategic consultants engagement in operation and corporate activities.

The Company holds two exploration stage mineral properties consisting of the Bullard Pass Property and the Thane Property as described under the heading “Description of Business”. The Company owns 100% of claims and has no contractual obligations to perform work on these properties as of period end.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company’s financial results for the eight most recently completed quarters:

	Quarter Ended March 31, 2020 \$	Quarter Ended December 31, 2019 \$	Quarter Ended September 30, 2019 \$	Quarter Ended June 30, 2019 \$
Revenue	Nil	Nil	Nil	Nil
Net loss	(609,344)	(174,261)	(365,459)	(65,996)
Loss per share, basic and diluted	(0.02)	(0.01)	(0.03)	(0.01)

	Quarter Ended March 31, 2019 \$	Quarter Ended December 31, 2018 \$	Period from incorporation on August 30, 2018 to September 30, 2018 \$
Revenue	Nil	Nil	Nil
Net loss	(28,694)	(18,900)	Nil
Loss per share, basic and diluted	(0.02)	(18,900)	Nil

## **SUMMARY OF QUARTERLY RESULTS (CONTINUED)**

The activities of the Company consist of work performed to complete the plan of arrangement and complete its listing on the CSE. This plan of arrangement completed February 1, 2019 and the listing completed September 23, 2019. During Q3 and Q4 of FY2019, the Company increased exploration activities over the Bullard Pass Property. The Company continues to look for mineral property acquisition targets including the subsequently completed acquisition of Thane Minerals Inc. and its Thane Property located in north-central British Columbia.

On a quarter-by-quarter basis the loss can fluctuate significantly due to a number of factors including exploration activities during the period, impairment of assets, and the timing of stock option grants, changes in nature of the business.

An analysis of the quarterly results over the quarters from inception shows a significant change in financial performance primarily due to the completion of the spin-out transaction and activities from a start-up. Transactions incurred to date, consist primarily of exploration, legal, advertising and marketing, and professional fees.

## **LIQUIDITY**

The Company does not generate cash from operations. The Company finances exploration activities by raising capital from private placements and equity markets. The Company may encounter difficulty sourcing future financing in light of the recent economic downturn.

The Company had cash and cash equivalents of \$9,366 at March 31, 2020 (December 31, 2019 – \$1,769) and promissory notes receivable of \$75,974 (December 31, 2019 – \$195,974). The Company had working capital \$534,269 at March 31, 2020 (December 31, 2019 – \$386,595).

During the three months ended March 31, 2020, the Company had the following share transactions:

- i. Issued 210,000 common shares of the Company for gross proceeds of \$21,000 pursuant to warrant exercises.
- ii. Issued 3,110,000 units at a price of \$0.25 per unit for total proceeds of \$777,500. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.40 for a period of two years. Cash finders' fees of \$32,250 were paid. 87,000 finder's warrants were issued at the same terms. As the original warrants had a fair value of \$nil, the finder's warrants were also valued at \$nil.
- iii. Split its shares on the basis of two common shares for each outstanding common share.

Subsequent to the three months ended March 31, 2020, the Company raised \$1,768,719 in private placements, \$470,808 from warrant exercises, and \$128,000 from option exercises.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Due to the overall poor market conditions for junior mineral exploration companies, the Company may find it increasingly difficult to raise the funds required to continue the Company's operations. Share prices have undergone significant decreases and any issuance of the Company's equity securities in the near future may result in substantial dilution to the Company's existing shareholders.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company has no capital commitments in connection with its exploration property. The Company holds 100% interest in the Bullard Pass Property through its wholly-owned subsidiary and is not required to make any expenditure commitments on this property and has no contractual obligations on this property.

The Company will add and or drop claims based on geological merit and as financial resources allow.

### **Operating Activities**

The Company used net cash of \$869,421 in operating activities during the three months ended March 31, 2020.

### **Investing Activities**

The Company spent \$9,232 relating to exploration activities on the Company's Bullard Pass property.

### **Financing Activities**

The Company received cash of \$866,250 from financing activities during the three months ended March 31, 2020.

### **OFF-BALANCE SHEET ARRANGEMENTS**

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

### **TRANSACTIONS WITH RELATED PARTIES**

Key management personnel are the directors and officers of the Company. Management compensation transactions for the three months ended March 31, 2020 is summarized as follows:

	March 31, 2020	March 31, 2019
Management fees	\$ 37,000	\$ 9,450
Total	\$ 37,000	\$ 9,450

During the three months ended March 31, 2020, \$24,000 was paid to a Company owned by Brian Thurston for CEO and geology related services provided (2019 - \$9,450). \$8,000 of this amount is included in accounts payable and accrued liabilities as at March 31, 2020.

During the three months ended March 31, 2020, \$3,000 was paid to David Charlton for CFO related services provided. This amount is included in accounts payable and accrued liabilities as of March 31, 2020.

During the three months ended March 31, 2020, \$10,000 was paid to the previous CFO of the Company, Eli Dusenbury, for CFO related services provided. This amount is included in accounts payable and accrued liabilities as of March 31, 2020.

### **PROPOSED TRANSACTIONS**

As of the date of this MD&A, there were no proposed transactions not disclosed elsewhere.

## SUBSEQUENT EVENTS

- i) During April 2020, the Company acquired 100% of the issued and outstanding capital of Thane Minerals Inc. (“Thane”), which holds a 100% interest in Thane Property in north-central British Columbia subject to a 1% Net Smelter Return. As consideration for the acquisition the Company issued 5,263,158 common shares of its own stock measured at a fair value of \$0.495 per share. The Purchased Shares will be escrowed and released over a 36-month period (the “Purchased Shares”). In addition to the foregoing, if through additional exploration programs, a resource calculation of at least 800,000,000lbs of copper-equivalent, as determined based on a National Instrument 43-101 (Standards of Disclosure for Mineral Projects) compliant resource estimate, is determined to be indicated within the Thane Project area, then IMC will issue an additional aggregate of \$2,000,000 worth of common shares (or cash in lieu) to the previous shareholders of Thane.

This transaction will be accounted for as a business combination. The fair value of the shares issued in excess of the net assets of Thane was \$1,396,188 and is recognized in goodwill, summarized as follows:

<b>Cost of acquisition</b>	
Common shares issued: 5,263,158 common shares at \$0.495 per share	\$ 2,605,263
<b>Fair value of Net assets acquired</b>	
Cash	\$ 770
Reclamation bond	10,000
Exploration and evaluation assets	1,251,720
<b>Total assets</b>	<b>\$ 1,262,490</b>
<b>Current liabilities</b>	<b>\$ 53,415</b>
<b>Net assets acquired</b>	<b>1,209,075</b>
<b>Goodwill</b>	<b>\$ 1,396,188</b>

Measurement period: The fair values of assets and liabilities as at acquisition date are still within the measurement period as defined in IFRS 3. As such, these values are subject to change.

- ii) On April 16, 2020, the Company entered into a draw down equity financing of up to \$8,000,000 with Alumina Partner, LLC, a New York based private equity financing for the purpose of continuing its growth strategy through exploration and acquisition. The agreement details the purchase of up to \$8,000,000 of the Company’s units consisting of one common share and one common share purchase warrant at discounts ranging from 15% to 25% of the market price. The financing is at the sole discretion of the Company allowing for the ability to access funds as necessary.
- iii) On May 14, 2020, the Company closed a brokered private placement consisting of units and flow-through shares as led by Gravitas Securities Inc. for total gross proceeds of CAD\$1,768,720. The private placements consisted of:
- 3,143,166 units of the Company (each, a “Unit”) at a price of CAD\$0.48 per Unit for gross proceeds of CAD\$1,508,720 (the “Unit Offering”); and
  - 400,000 Common Shares (as defined below) issued on a flow-through basis (each, a “Flow-Through Share”) at a price of CAD\$0.65 per Flow-Through Share for gross proceeds of CAD\$260,000 (the “Flow-Through Offering”, and together with the Unit Offering, the “Offering”).

## **SUBSEQUENT EVENTS (CONTINUED)**

Each Unit consists of one common share in the capital of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant entitles the holder to purchase one additional Common Share of the Company at an exercise price of CAD\$0.60 for a period of two years from the date of issuance thereof. The Warrants and the Broker Warrants (as defined below) are subject to accelerated expiry if the volume weighted average closing price of the Common Shares on the Canadian Securities Exchange is equal to or greater than CAD\$0.88 for a period of ten consecutive trading days, in which case the Company will have the option, but not the obligation, to accelerate the expiry to 20 days from the date of notice.

An amount equal to the gross proceeds from the Flow-Through Offering will be used for “Canadian exploration expenses” that will qualify as “flow-through mining expenditures” as defined in the Income Tax Act (Canada). The Company will renounce to the subscribers of the Flow-Through Shares effective as of December 31, 2020 an amount of Canadian exploration expenses that will qualify as flow-through mining expenditures equal to the gross proceeds of the Flow-Through Offering. The Company intends to use the proceeds of the Offering for the Company’s 2020 drilling program and general working capital.

In connection with the Offering, the Company paid the Agent a cash fee of CAD\$141,498. Additionally, the Company issued 251,453 broker unit warrants (the “Broker Unit Warrants”) to the Agents. Each Broker Unit Warrant entitles the holder to acquire one Unit (each, a “Broker Unit”) at any time for a period of two years from the date of issuance thereof at an exercise price of \$0.48 per Broker Unit Warrant. Each Broker Unit consists of one common share and one share purchase warrant exercisable into an additional common share at an exercise price of \$0.60 per share for a period of two years.

The Company also issued 32,000 broker flow-through warrants (the “Broker Flow-Through Warrants”, together with the Broker Unit Warrants, the “Broker Warrants”) to the Agents. Each Broker Flow-Through Warrant entitles the holder to acquire one Common Share of the Company at any time for a period of two years from the date of issuance thereof at an exercise price of CAD\$0.70 per Common Share. The Company also paid the Agents a corporate finance fee paid by the issuance of 20,000 Common Shares and 157,158 broker warrants at an exercise price of \$0.60 per common share for a period of two years.

- iv) During April 2020, the Company collected the entire \$75,974 of funds from the promissory note receivable.
- v) In addition to the above and subsequent to March 31, 2020, the Company received cash proceeds of:
  - a. \$128,000 from the exercise of 800,000 options at \$0.16 per option;
  - b. \$92,308 from the exercise of 576,922 warrants at \$0.16 per warrant; and
  - c. \$378,500 from the exercise of 7,570,000 warrants at \$0.05 per warrant.

## **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

### **Accounting standard anticipated to be effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after January 1, 2018, or later periods. New standards and updates, which are not applicable or are not consequential to the Company, have been excluded.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in note 4.11 of the Company's financial statements for the year ended December 31, 2019.

### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the three months ended March 31, 2020, the Company incurred the following expenses:

	2020	2019
	\$	\$
Advertising and marketing	455,894	-
Consulting	22,296	-
Filing fees	27,652	2,090
Office	13,037	382
Management fees	37,000	9,450
Professional fees	38,340	16,765

An analysis of material components of the Company's general and administrative expenses is disclosed in the consolidated financial statements for the three months ended March 31, 2020 to which this MD&A relates. An analysis of the material components of the mineral property acquisition costs and mineral exploration costs are disclosed in the notes to the consolidated financial statements for the three months ended March 31, 2020.

The Company had one exploration property during the three months ended March 31, 2020 pursuant to the plan of arrangement with Chemesis International Inc., which completed on February 1, 2019. The Company has 100% interest in the Bullard Pass Property held through its wholly-owned subsidiary.

### DISCLOSURE OF OUTSTANDING SHARE DATA

#### Common Shares

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at June 1, 2020, the Company had 48,655,796 (March 31, 2020 – 30,525,392) common share issued and outstanding.

#### Share Purchase Warrants

As at June 1, 2020, the Company had 18,815,552 (March 31, 2020 – 23,633,150) share purchase warrants outstanding:

	Warrants	Weighted average exercise price (\$)
December 31, 2019	20,646,150	\$ 0.07
Exercised	(8,356,922)	(0.10)
Issued	6,529,324	0.40
<b>June 1, 2020</b>	<b>18,818,552</b>	<b>\$ 0.23</b>

  

Expiry date	Warrants	Exercise price (\$)
April 18, 2021	8,820,000	\$ 0.05
October 15, 2021	3,469,228	0.16
February 21, 2022	3,197,000	0.40
May 13, 2022	3,300,324	0.60
May 13, 2022	32,000	0.70
	<b>18,815,552</b>	<b>\$ 0.23</b>

## DISCLOSURE OF OUTSTANDING SHARE DATA (CONTINUED)

As at June 1, 2020, the Company had 251,453 (March 31, 2020 – nil) share purchase warrant units outstanding (Note 12):

	Warrant Units	Weighted average exercise price (\$)
December 31, 2019	-	\$ -
Exercised	-	-
Issued	251,453	0.48
<b>June 1, 2020</b>	<b>251,453</b>	<b>\$ 0.48</b>

  

Expiry date	Warrant Units	Exercise price (\$)
May 13, 2022	251,453	\$ 0.48
	<b>251,453</b>	<b>\$ 0.48</b>

## Stock Options

As at June 1, 2020, the Company had 2,095,000 (March 31, 2020 – 2,895,000) share purchase options outstanding:

The following stock options are issued under the stock option plan:

	Options	Weighted average exercise price (\$)
Balance, December 31, 2019	2,895,000	0.44
Options granted	-	-
Exercised	(800,000)	0.16
<b>Balance, June 1, 2020</b>	<b>2,095,000</b>	<b>0.23</b>

Outstanding and exercisable				
Expiry date	Number of options	Exercise price (\$)	Remaining contractual life (years)	
June 09, 2022	35,000	0.25	2.19	
August 18, 2022	30,000	0.55	2.38	
July 22, 2023	480,000	0.50	3.31	
September 27, 2023	20,000	0.87	3.49	
November 06, 2023	30,000	0.70	3.60	
September 24, 2024	1,500,000	0.16	4.49	
	<b>2,095,000</b>	<b>0.23</b>	<b>4.23</b>	

## RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

## **RISK FACTORS (CONTINUED)**

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

### **Risks Related to the Company's Business**

*Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.*

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

#### *Loss of interest in properties*

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company, including the Qualifying Property.

*Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.*

The Company intends to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

## **RISK FACTORS (CONTINUED)**

*The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.*

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

*Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.*

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

*Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.*

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

## **RISK FACTORS (CONTINUED)**

*Because the Company's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.*

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on the Company's current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

*As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.*

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.*

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to the Company's properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

**ADDITIONAL INFORMATION**

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.

**BOARD APPROVAL**

The board of directors of the Company has approved this MD&A.