

**VOLTUS CAPITAL CORP.**  
**Management Discussion and Analysis**  
**For the six month period ended July 31, 2019**

This Management Discussion and Analysis (this “MD&A”), prepared September 18, 2019, should be read in conjunction with the financial statements and notes thereto of Volatus Capital Corp. (the “Company”) for the quarter ended April 30, 2019 and the year ended January 31, 2019, which were prepared in accordance with International Financial Reporting Standards.

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**DESCRIPTION OF BUSINESS**

The Company was incorporated on November 6, 2018 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is located at Suite 200, 551 Howe Street, Vancouver, British Columbia, V6C 2C2.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at July 31, 2019, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is 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 the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

**EXPLORATION PROJECT**

	<b>Acquisition Costs</b>	<b>Exploration Costs</b>	<b>Total</b>
	\$	\$	\$
Balance, incorporation November 6, 2018	-	-	-
Additions	5,000	*87,996	92,996
Balance, January 31, 2019	5,000	87,996	92,996
Addition	-	5,982	5,982
Balance, July 31, 2019	5,000	93,978	98,978

*\* Exploration costs include labour costs of \$43,800, assay costs of \$7,737, data and reporting of \$6,276, truck and equipment rentals of \$9,800, travel and fuel costs of \$1,986, meal and accommodation of \$12,640 and management fees of \$5,757*

**Sunset Copper Star Project**

Pursuant to an option agreement dated November 16, 2018 (the “Agreement”), with Rich River Exploration Ltd. and Craig A. Lynes (collectively, the “Optionors”), the Company was granted an option to acquire a 100% undivided interest in the Sunset Copper Star project (the “Property”) located north of the town of Campbell River in the Nanaimo Mining Division, British Columbia.

In accordance with the Agreement, the Company has acquired a 51% undivided interest in the Property by paying \$5,000. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$500,000 in exploration expenditures as follows:

	<b>Common Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
	Number	\$	\$
Upon the closing of the initial public offering of the Company	100,000	5,000	-
On or before the first anniversary of the Company's common shares listed on the Canadian Securities Exchange (the "Listing")	100,000	20,000	100,000
On or before the second anniversary of the Listing	100,000	30,000	100,000
On or before the third anniversary of the Listing	300,000	100,000	300,000
<b>Total</b>	<b>600,000</b>	<b>155,000</b>	<b>500,000</b>

The Property is comprised of two mineral claims.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

## **SELECTED ANNUAL INFORMATION**

	January 31, 2019
Revenue	\$ 0
Net Loss	\$ (62,497)
Basic and Diluted Loss Per Share	\$ (0.01)
Total Assets	\$ 236,892
Long-Term Debt	\$ 0
Dividends	\$ 0

## **OPERATIONS**

### **Three month period ended July 31, 2019**

During the three months ended July 31, 2019, the Company reported a net loss of \$99,839. Included in the determination of operating loss was \$7,832 on rent, \$6,410 on professional fees, \$9,000 on management fees, \$9,975 on transfer agent and filing fees, and \$451 on office and miscellaneous expenses. The Company also incurred a stock based compensation charge of \$61,171.

### **Six month period ended July 31, 2019**

During the six months ended July 31, 2019, the Company reported a net loss of \$127,426. Included in the determination of operating loss was \$15,601 on rent, \$16,110 on professional fees, \$18,000 on management fees, \$9,975 on transfer agent and filing fees, and \$1,569 on office and miscellaneous expenses. The Company also incurred a stock based compensation charge of \$61,171.

## SUMMARY OF QUARTERLY RESULTS

	July 31, <u>2019</u>	April 30, <u>2019</u>	January 31, <u>2019</u>
Revenue	\$ 0	\$ 0	\$ 0
Net loss	\$ (99,839)	\$ (27,587)	\$ (62,497)
Basic and diluted Loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)

The Company was incorporated on November 6, 2018. Comparative figures prior to January 31, 2019 are not available.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at July 31, 2019 were \$69,002 compared to \$128,584 at January 31, 2019.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## 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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

During the three month period ended July 31, 2019, the Company incurred \$66,171 in share base payments to directors and officers.

## COMMITMENTS

The Company is committed to certain cash payments, common share issuances and exploration expenditures.

## **SUBSEQUENT EVENTS**

The Company entered into an agency agreement with Haywood Securities Inc. (the “Agent”) whereby the Agent has agreed to raise on commercially reasonable efforts up to \$350,000 in an initial public offering (“IPO”) by the issuance of up to 3,500,000 common shares of the Company at a price of 0.10 per common share.

The Agency Agreement grants the Agent an over-allotment option (the “Over-Allotment Option”), exercisable up to 48 hours prior to the closing of the IPO, to purchase additional common shares of the Company equal to 15% of the common shares being offered. If the Over-Allotment Option is exercised by the Agent, the Company will issue up to 525,000 additional common shares for a purchase price equal to the offering price which would result in aggregate gross proceeds of \$402,500.

Pursuant to the terms of the agency agreement, the Company has agreed to pay the Agent a commission of 10% of the gross proceeds of the IPO. The Company has also agreed to grant Agent options (the “Agent’s Options”) which will entitle the Agent to purchase up to 10% of the common shares sold under the IPO, at a purchase price that is equal to the price per share offered in the IPO. The Agent’s Options are exercisable until 24 months from the listing date of the Company’s common shares on the Canadian Securities Exchange. In addition, the Company has agreed to pay the Agent a corporate finance fee of \$40,000, of which \$10,000 will be paid for in common shares. The Company will also pay the Agent’s legal fees incurred and any other reasonable expenses pursuant to the IPO. As of July 31, 2019, the Company has paid a security deposit of \$10,000 which was recorded as deferred financing costs on the statement of financial position.

The Company completed the IPO subsequent to July 31, 2019.

## **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Company has adopted the new and revised standard and interpretation issued by the IASB effective November 1, 2017. The adoption of the standards did not have any material impact on the financial statements of the Company.

## **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.

### *IFRS 16 – Leases*

IFRS 16 – replaces the current standards IAS 17, “Leases”, and its associated interpretative guidance. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. A lessee can choose to apply IFRS 16 using either a full retrospective approach or a modified retrospective approach.

The adoption of IFRS 16 did not impact the Company’s classification and measurement of leases as the Company does not have any lease obligation.

## CRITICAL ACCOUNTING POLICIES

### Stock-based Compensation

The Company has a stock option plan, which is described in the financial statements. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

### Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

#### *Financial assets at fair value through profit or loss (“FVTPL”)*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. A financial asset is designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company’s cash is classified as FVTPL assets.

#### *Held-to-maturity (“HTM”)*

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

#### *Available-for-sale financial assets (“AFS”)*

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses. The Company does not have any assets classified as loans and receivables.

#### Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

#### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

## **SHARE CAPITAL**

### Issued

The Company had 9,700,001 shares issued and outstanding as at July 31, 2019 and 13,925,001 as at September 18, 2019.

### Options

The Company had 800,000 stock options outstanding at July 31, 2019 and September 18, 2019.

### Warrants

The Company had Nil share purchase warrants outstanding at July 31, 2019 and 405,500 as at September 18, 2019.

### Escrow Shares

The Company had 2,100,000 shares held in escrow as at July 31, 2019 and 1,890,000 as at September 18, 2019.