

**Straightup Resources Inc.**  
**Management's discussion and analysis**  
**For the three months ended March 31, 2020**

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The following Management's Discussion and Analysis ("MD&A") is current as of June 8, 2020. This MD&A contains a review and analysis of financial results for Straightup Resources Inc. ("the Company") for the three months ended March 31, 2020.

This MD&A supplements but does not form part of the financial statements of the Company and notes thereto for the three months ended March 31, 2020, and consequently should be read in conjunction with the afore-mentioned financial statements and related notes.

All amounts both in the Company's financial statements and this MD&A are expressed in Canadian dollars.

**FORWARD-LOOKING STATEMENTS**

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be carefully considered and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

## **BASIS OF PRESENTATION**

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

## **BUSINESS OVERVIEW**

The Company is principally engaged in the acquisition and exploration of mineral property assets in Canada. Its head office is at Suite 200, 551 Howe Street, Vancouver, British Columbia V6C 2C2. To date, the Company has not earned operating revenue.

The Company's objective is to locate and develop economic precious and base metal properties of merit and to conduct its exploration program on the Hi-Mars Property. The Property is at an early stage of exploration. There are no estimates of mineral resources or reserves for the Property.

The Company's sole asset is the Hi-Mars property located about 17 km NE of the city of Powell River in southwestern British Columbia ("the Property"). The qualifying property consists of 11 contiguous mineral titles covering an area of 1788 hectares within the Vancouver Mining Division. These mineral titles are held by Mr. Craig Lynes on behalf of Rich River Exploration Ltd. ("Rich River"). The Company has entered into an Option Agreement (as defined below) with Mr. Craig A. Lynes and Rich River, pursuant to which the Company has earned an initial 51% interest in the property and has an option to earn the remaining 49% interest in the Property.

The Hi-Mars Property covers six distinct Minfile mineral occurrences all of which are classified as porphyry Cu-Mo type. The Property is on Crown Land and is open to mineral exploration providing a Notice of Work is filed with the Province of British Columbia for any physical disturbances and that local First Nations are consulted.

The current and previous mineral tenures were all staked after the expiry of previous claims and thus there are no inherited royalty or Net Smelter Returns attached to the Property except as described in the current "Grant of Option and Consideration" and "Net Smelter Royalty" sections of the property option agreement between Rich River Exploration Inc. and Craig A. Lynes (collectively, the "Optionors") and Straightup Resources Inc. (the "Optionee") dated October 30, 2017 (the "Property Option Agreement"), which sections are included below:

### **1.1 Grant of Option and Consideration**

Upon the execution of and pursuant to this Agreement, the Optionors shall grant the right and option to earn an 100% undivided interest in the Hi-Mars Property (the "Option") to the Optionee, subject only to a 3% NSR Royalty (as defined below) on all base, rare earth elements and precious metals, as follows:

- a) to acquire a 51% interest in the Property (the "Stage 1 Interest"), the Optionee shall pay \$5,000 to Rich River upon the execution and delivery of this Agreement by the parties (the "Stage 1 Option Consideration"); and
- b) to acquire an additional 49% interest in the Property, the Optionee shall: (i) pay a total of \$155,000 to Rich River; (ii) issue a total of 600,000 common shares in the capital of the Optionee to Rich River; and (iii) complete \$600,000 worth of exploration expenditures on the Hi-Mars Property (collectively, the "Stage 2 Option Consideration"; together with the Stage 1 Option Consideration, the "Option Consideration"), as set out below:

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- (i) the Optionee shall issue the common share portion of the Stage 2 Option Consideration to Rich River as follows:
  - (A) 100,000 common shares upon the closing of the initial public offering of the Optionee's common shares;
  - (B) 100,000 common shares on or before the first anniversary of the listing of the Optionee's common shares on the Canadian Securities Exchange (the "Exchange");
  - (C) 100,000 common shares on or before the second anniversary of the listing of the Optionee's common shares on the Exchange; and
  - (D) 100,000 common shares on or before the third anniversary of the listing of the Optionee's common shares on the Exchange;
  - (E) 200,000 common shares on or before the fourth anniversary of the listing of the Optionee's common shares on the Exchange;
- (II) the Optionee shall pay the cash portion of the Stage 2 Option Consideration to Rich River as follows:
  - (A) \$25,000 on or before the second anniversary of the listing of the Optionee's common shares on the Exchange;
  - (B) \$30,000 on or before the third anniversary of the listing of the Optionee's common shares on the Exchange; and
  - (C) \$100,000 on or before the fourth anniversary of the listing of the Optionee's common shares on the Exchange; and
- (iii) the Optionee shall make the required Stage 2 Option Consideration exploration expenditures on the Hi-Mars Property according to the following schedule:
  - (A) \$200,000 on or before the second anniversary of the listing of the Optionee's common shares on the Exchange;
  - (B) \$100,000 on or before the third anniversary of the listing of the Optionee's common shares on the Exchange; and
  - (C) \$300,000 on or before the fourth anniversary of the listing of the Optionee's common shares on the Exchange.

1.2 This Agreement confers an option only. Once the Optionee has paid the Option Consideration in full, then it shall be deemed to have earned an 100% undivided interest in the Hi-Mars Property, subject to a 3% NSR Royalty on all base, rare earth elements and precious metals.

## **2. Net Smelter Royalty**

2.1 A Net Smelter Returns Royalty in the aggregate amount of 3% (the "NSR Royalty") is payable to the Optionors on all base, rare earth elements and precious metals, as more particularly described in Schedule B to this Agreement.

2.2 The Optionee may purchase the first 1% of the NSR Royalty for \$750,000. The Optionee may purchase the remaining 2% of the NSR Royalty for an additional \$1,000,000.

## **3. Operator**

3.1 The Optionee, or its designate, shall be the operator of the Hi-Mars Property during the term of the Agreement. Rich River shall be the primary exploration contractor when possible.

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**4. Assessment Work**

4.1 In order to keep the claims comprising the Hi-Mars Property in good standing, the Optionee shall pay or cause to be paid any rates, taxes, duties, royalties, assessments or fees levied with respect to the Hi-Mars Property or the Optionee's operations thereon. Without limiting the generality of the foregoing, during the duration of the Option and after the earn-in of the Stage 1 Interest by the Optionee, the Optionors shall have a free-carried interest equal to 51% in the Property. The Optionee shall apply and pay for assessment credits for the mineral claims comprising the Hi-Mars Property for all work and expenditures conducted on all or any part of the Property.

**SUMMARY OF QUARTERLY RESULTS**

Below is a summary of the Company's last eight quarterly results, selected from financial statements prepared under International Financial Reporting Standards:

	Year ended December 31, 2020	Year ending December 31, 2019				Year ended December 31, 2018		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Net (loss) income	(46,025)	(108,694)	(3,030)	(16,945)	(25,371)	71,119	(23,434)	(14,601)
Basic/diluted loss per share	(0.00)/(0.00)	(0.01)/(0.01)	(0.00)/(0.00)	(0.00)/(0.00)	(0.00)/(0.00)	0.01/0.00	(0.00)/(0.00)	(0.00)/(0.00)

**Financial Performance**

For the three months ended March 31, 2020 the net loss was \$127,700, compared to a loss of \$25,371 in the same period in 2019.

For the three months ended March 31, 2020 general and administrative expenses were \$17,537, compared to \$3,522 in the same period in 2019. The increase is due largely to website development, logo and branding costs.

Management fees incurred were \$9,000 and \$9,000 respectively. Rent expense was \$7,500 and \$2,250 respectively; the increase is due to seven months worth of rent for 2019 charged in 2020.

Professional fees paid were \$13,060 in the three months ended March 31, 2020, compared to \$9,650 in the same period in 2019. The decrease is due to the fact that no audit and accounting fees were recorded in 2020, whereas legal fees were recorded related to the initial public offering being prepared.

Listing and related legal fees of \$79,550 were incurred in the three months ended March 31, 2020 (2019 - \$nil).

No exploration expenses were recorded in the three months ended March 31, 2020 or 2019.

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***Liquidity and Capital Resources***

Total shareholders' equity as of March 31, 2020 was \$267,098 (December 31, 2019 – \$76,160) as follows:

Balance as of December 31, 2019	\$	76,160
Current period loss		(127,700)
Shares issued for cash		396,800
Share issuance costs		(88,013)
Balance as of March 31, 2020	\$	<u>257,247</u>

The Company ended the period with cash of \$189,193, an increase of \$178,144 from December 31, 2019.

Working capital was \$134,008 as of March 31, 2020 compared to negative \$(47,079) at December 31, 2019.

From the date of incorporation of the Issuer on August 22, 2017 to September 21, 2018, the Company completed private seed capital equity financing, raising aggregate gross proceeds of \$243,501. In March 2020, the Company completed its initial public offering for gross proceeds of \$396,800.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of shares. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of the Company's assets may be materially less than amounts on the statement of financial position.

**Outstanding Share Data**

As at March 31, 2020, the Company had 16,038,001 common shares outstanding and 10,466,800 warrants outstanding. The Company has 600,000 stock options outstanding.

**COMMITMENTS AND CONTINGENCIES**

Company has no material or significant commitments or contingencies.

**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 Chief Financial Officer ("CFO"). During the three months ended March 31, 2020, the Company paid consulting fees of \$9,000 (2019 - \$9,000) and rent of \$7,500 (2019 - \$2,250) to a former director and CEO of the Company. During the same period the Company incurred \$88,039 in IPO costs to a firm controlled by a family member of the CFO.

**OFF BALANCE SHEET TRANSACTIONS**

The Company has no off-balance sheet transactions.

**PROPOSED TRANSACTIONS**

The Company has no proposed transactions to report.

**CRITICAL ACCOUNTING ESTIMATES**

Please refer the December 31, 2019 audited financial statements on [www.sedar.com](http://www.sedar.com) for critical accounting estimates.

**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.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at March 31, 2020 were as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	189,193	-	-	189,193

**Fair value**

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2020 because of the demand nature or short-term maturity of these instruments.

**Financial risk management objectives and policies**

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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.

*(i) 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.

*(ii) 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.

*(iii) 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 credit risk the Company places these instruments with a high-quality financial institution.

*(iv) 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.

**Dilution**

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of common shares. The Company assesses various options for financing; however, the Company may need to continue its reliance on the sale of securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may

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not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties.

### **No Known Mineral Reserves**

The Company's mineral properties are in the exploration stage and it is without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities or unfavourable economic conditions.

In the event a mineral reserve is discovered, substantial expenditures are required to develop the mineral reserve for production including facilities for mining, processing, infrastructure and transportation. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as global economic conditions, mineral markets and mineral pricing, global smelting and refining availability, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is not warranted to commence or continue commercial production.

### **Key Personnel**

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, may require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and may devote only part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise.

### **Industry Operating Hazards and Risks**

Mineral exploration and development involve many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest may be subject to some or all of the hazards and risks normally incidental to resource companies, any of which could result in work stoppages. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides social disruptions, and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations and may incur legal liability.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers appropriate, the nature of these risks is such that liabilities might exceed policy limits, the liability and



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hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

**Government Regulations and Political Climate**

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms, which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will continue to operate in compliance with applicable legal and environmental regulations and social requirements. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs and time and effort for obtaining permits, and increased delays or fines resulting from loss of permits or failure to comply with the new requirements.

**DISCLOSURES**

***Additional Information as specified by National Instrument 51-102***

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at <http://www.sedar.com>

***Venture Issuer Without Significant Revenue***

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This MD&A supports information disclosed in the Company's financial statements. More information regarding the Company's mineral right interests can be found under Note 4 of the Company's financial statements for the current reporting period.

***Internal Controls Over Financial Reporting ("ICFR")***

There were no changes in the Company's internal control over financial reporting during the period from December 31, 2019 to March 31, 2020 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

**Subsequent events**

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Company's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions. Management continues to monitor the situation.

On May 8, 2020 the Company announced the formation of its advisory board and the appointment of Gerald Carlson as its initial member. The advisory board was created to make advisors available to the Company's management and board of directors with expertise in business development, capital markets and the natural resource sector.

On June 4, 2020 the Company announced a non-brokered private placement (the "Offering") of up to 10,000,000 units (the "Units") at a price of \$0.15 per Unit for aggregate gross proceeds of up to \$1,500,000. Each Unit will consist of one common share in the capital of the Company (each, a "Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Share at an exercise price of \$0.25 per share for a period of 12 months from the closing of the Offering. In the event the closing price of the Shares on the Canadian Securities Exchange (the "Exchange") is equal to or greater than \$0.40 per Share for a minimum of ten consecutive trading days commencing four months and one day after the closing of the Offering, the Company may accelerate the expiry date of the Warrants by providing notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

The Company may pay finder's fees to arm's length parties that have introduced the Company to subscribers participating in the Offering. All securities issued in connection with the Offering will be subject to a four-month and one day hold period in Canada.

The net proceeds from the Offering are intended to be used for property expenditures and for general working capital.