LIDA RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS

FORM 51-102F1

For the six months ended February 29, 2020

May 12, 2020

The following management discussion and analysis ("MD&A") is management's assessment of the results and financial condition of Lida Resources Inc. (the "Company") and should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2019 and the unaudited interim condensed consolidated financial statements for the six months ended February 29, 2020 and the related notes thereto. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS**")** as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of the Company's interim condensed consolidated financial statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of May 12, 2020.

DESCRIPTION OF BUSINESS

The Company is an exploration stage company and is in the process of exploring its mineral properties in Peru. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from disposition of the properties.

The Company will need additional funding in the near future through either equity or debt financing to acquire new projects and further develop its existing assets. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to several factors, including the funding of new projects. Management is approaching all identifiable sources of equity capital, but there is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable.

HIGHLIGHTS

During the period from September 8, 2017, the date of incorporation, to August 31, 2018, the Company issued 6,561,334 shares for net proceeds of $367,107.

During the year ended August 31, 2019, the Company issued 3,316,262 shares for net proceeds of $186,277.

During the period from September 8, 2017 to August 31, 2018, the Company acquired 99.9% of the issued and outstanding shares of Imperium Mining SAC, ("Imperium") an inactive Peruvian company incorporated on January 30, 2017. Total consideration for the acquisition was a Peruvian Sol ("PEN") cash payment of PEN$999 ($394) and the issuance of 10,000,000 common shares of the Company at a price of $0.07 per share. During this period, Imperium completed the acquisition of the San Vicente property for total payment of US $100,000.

During the period from incorporation on September 8, 2017 to August 31, 2018, the Company acquired 99.7% of the issued and outstanding shares of Minera LBJ SAC, (“LBJ”), an inactive Peruvian company. The Company acquired LBJ for the purpose of acquiring 44.5% of the issued and outstanding shares of Rial Minera SAC (“Rial”), an inactive Peruvian company which owns a 100% interest in the Las Huaquillas mineral properties. Total consideration for the acquisition was a cash payment of PEN$1,799 ($710) and the issuance of 15,000,000 common shares at a price of $0.07 per share.

During the year ended August 31, 2019, the Company entered into an agreement with Fidelity Minerals Corp. (formerly Montan Mining Corp) (“Fidelity”) to sell the Huaquillas property through the sale of the its subsidiary LBJ (the “Arrangement”). As consideration, the Company received 25,000,000 shares and 12,500,000 share purchase warrants of Fidelity. The shares were valued on acquisition at $0.065, the market value of Fidelity shares at the time of closing for a total value of $1,625,000, and the warrants were valued at $0.062 using the Black-Scholes Option Pricing model for a total value of $779,625 for total consideration of $2,404,625. Each warrant is exercisable into one common share of Fidelity at $0.08 per share for a period of five years.

The Company completed a distribution of the Fidelity shares and warrants received from the sale of LBJ by way of return of capital. In accordance with the terms of the Arrangement, the Company transferred 100% of its investment in Fidelity to its shareholders on a proportional basis.

On November 27, 2019, the Company filed its final prospectus with the securities regulatory authorities in the Provinces of Ontario, Alberta and British Columbia and with the Canadian Securities Exchange (“CSE”). At a price of $0.10, the minimum size of the Offering is intended to be 7,800,000 units for gross proceeds of $780,000, and the maximum size of the Offering is intended to be 9,000,000 units for gross proceeds of $900,000. Each unit is comprised of one common share in the capital of the Company ("Common Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant") entitling the holder to acquire one Common Share at a price of $0.25 per share until the date that is 24 months following the closing of the Offering, subject to the option of the Company to accelerate the expiry date of the Warrants if the weighted average trading price of the Common Shares during the 20 consecutive trading days immediately prior to the date on which such calculation is made is greater than $0.25. The Offering is being made pursuant to the terms of an agency agreement dated November 27, 2019 between the Company and Leede Jones Gable Inc. (the "Agent").

On November 29, 2019, the Company obtained receipt by the British Columbia Securities Commission, Ontario Securities Commission, and the Alberta Securities Commission.

OVERALL PERFORMANCE

There was minimal exploration activity during the six months ended February 29, 2020. As at February 29, 2020, the Company had a working capital deficiency of $395,791 (August 31, 2019 - $226,211). The Company has not generated any revenues from operations and has an accumulated deficit of $1,871,704 (August 31, 2019 - $1,703,666).

PROJECT SUMMARY

The San Vicente Property

The Corporation, through Imperium, is the holder of the San Vicente property (the "Property"). The Property is located approximately 120 kilometers east of the coastal city of Trujillo, Peru in the district of Agallpampa, Province of Otuzco in the department of La Libertad. Peru covers an area of 1,285,216 square kilometers with a population of 29.5 million. Its economy reflects its varied geography, with an arid coastal region, the Andes further inland and tropical lands bordering Colombia and Brazil to the east. Abundant mineral resources occur in the Andes (copper, zinc, lead, gold and silver) and in the coastal regions there are petroleum and natural gas resources. Other natural resources include iron ore, coal, phosphate and potash.

Access to the Property is 70 kilometers by paved road to the community of Otuzco and then a combination of gravel and clay roads to Chota where the property is located. Otuzco and the community of San Vicente Bajo La Union, which is in close proximity to the Property, are capable of providing basic services and amenities in the support of mineral exploration activities. The Property is located in the occidental part of the Tertiary Volcanic Belt of the Western Cordillera and is underlain by rocks of the Calipuy Formation, a precious and base metals metallotects formation found in Peru. The Calipuy Formation is the product of post tectonic volcanism in the Cordillera region. It represents the effusive magmatism that followed the final emplacement of the Costal Batholith. At the San Vicente Property, the Calipuy Formation consists of andesite as a massive greenish grey fine to intermediate grained rock with local millimetric sized feldspathic phenocrystals and Andesite tuff which is greenish grey to purple in colour with a fine grained matrix.

The Property consists of one claim (the "Concession"). The claim is for metallic minerals giving the title holder the right to explore and exploit metallic minerals within the bounds of the Concession, subject to the payment of the annual fees established by Peruvian Mining Law. The Property contains metallic minerals giving the title holder the right to explore and exploit metallic minerals within the bounds of the claim; subject to the payment of the annual fees established by Peruvian Mining Law.

			Location		
Concession	**Area (Hectare)**	**District**	**Province**	**Department**	**Record**
El Otro Lado	200.00	Agallpampa	Otuzco	La Libertad	10014602

The Company has an agreement in place with the local community (San Vicente Bajo La Union) for surface rights of 2,500 meters surrounding the mine opening. The agreement gives the Company a permit for surface use for a period of 20 years. The rest of the surface rights are held by the communities of San Vicente Bajo La Union and San Vicente Alto La Union. The majority of the ground in the Concession is controlled by San Vicente Bajo La Union. The Company is in discussions to obtain further surface rights from the community of San Vicente Bajo La Union so that a new mine access can be forged approximately 80 meters below the current level.

According to records of the Ministerio de Energia Y Minas of Peru, the Concession is in good standing. Following staking of the claim, all required annual and maintenance payments for 2018 were satisfied. The maintenance payments for this Concession (2018-2019) have been paid to the 30th of June 2019.

Royalties

Peru established a sliding scale mining royalty in 2004. Calculation of the royalty payable per month is made monthly and is based on the value of the concentrate sold (or its equivalent) using international metal prices as the base for establishing the value of metal. The sliding scale is applied as follows:

1. First stage: up to $60 million annual value; 1.0%.
2. Second stage: in excess of $60 million up to $120 million annual value; 2.0%.
3. Third stage: in excess of $120 million annual value; 3.0%.

Fees, indirect taxes, insurance, transportation costs, warehousing, port fees as well as other costs for exportation and general agreements along international commerce are deducted from the calculation of the royalty.

Environmental Affairs

The Company has applied for a license to operate as a small mining company in November 2017. This license is currently in application and is awaiting pending approval. An Environmental Impact Statement was written for the San Vicente Property and was originally submitted to the Direccion Regional De Energia y Minas La Libertad on May 26, 2010 and renewed in 2017. Recent meetings with the Direccion Regional De Energia y Minas La Libertad revealed that approval of the Environmental Impact Statement is still pending approval, pending one final study to be carried out showing the approval of the local community (San Vicente la Union parte Baja) in respect of the project. This study is in progress and should be completed shortly.

Aboriginal Affairs

The Company entered a notarized contract with the surface owner for the use of the land therefore the Company does not have an issue relating to the use of land. In addition, property is located in an area where there are no communities as such there would be no issues or possible contingencies related to the use of land.

Geological Setting and Mineralization

Regional Geology

The Property is located within the Cordillera Occidental part of the Tertiary Volcanic Belt of the western Cordillera morpho-structural and tectonic units of northern Peru. It is underlain by volcanic rocks of the Calipuy Formation (one of the most important precious and base metals metallotects in Peru). The volcanic rocks of the Calipuy Formation are the product of a post tectonic volcanism and represent the effusive part related to the definite emplacement of the Coastal Batholith. The volcanics of the Calipuy Formation are flanked to the southwest by the Costal Batholith and to the northeast by a thick series of sedimentary rocks. The Calipuy Volcanics are comprised of more than 1.2 kilometers of intercalations of rhyolitic to andesitic flows, fine grained to lapillus-blocky tuff, volcanic derived sediments and sub-volcanic hypabyssal intrusive with pervasive hydrothermal alteration. The volcanics are deposited in sub-horizontal layers gently folded in a series of weakly dipping (10-20°) synclines and anticlines.

The dominant structural feature affecting the rocks of the region is one associated to the Andean trend which is characterized by a complex network of northwest to southeast and northeast to southwest trending lineaments and major northeastern trending structures.

Property Geology

The San Vicente Property is located within an area of extensive regional sub-aerial volcanic cover. The local geology is dominated by sub-horizontal Tertiary Calipuy Group volcanic rocks. The Calipuy Group is the product of post tectonic volcanism in the Cordillera region and is host to several metallic mineral deposits. It represents the effusive magmatism that followed the final emplacement of the Costa Batholith. The rocks are mostly of andesitic composition consisting of thick andesite flows interbedded with andesitic breccias, andesitic tuffs, conglomerates and other associated pyroclastic deposits.

Several small stocks, sills and dykes intrude the Cretaceous sedimentary rocks and Tertiary volcanic rocks. The deep-seated intrusions are usually diorites, tonalities and granodiorites that are correlated to the northern extension of the Costal Batholith. Several porphyritic dacitic and andesitic hypabyssal bodies outcrop in the area especially within zones of structural weaknesses such as fold hinges and regional scale faults. These intrusions are commonly associated with metallic mineralization. These rocks commonly intrude the Calipuy volcaniclastic rocks.

The Property is located within a mineralised belt extending from the Cordillera Negra. Mineralisation occurs as fracture filling quartz, carbonate veins that contain elevated concentrations of lead, silver, copper and zinc but can also be characterized with anomalous gold and antimony values. Surface mapping found intermittent veining on surface. The continuation of the veins on surface could not be seen as the only areas that the veins cropped out were streams that had cut into the underlying rocks. Sub surface exploration drifts did cut the structures and have been followed to a distance of 75 meters in some cases.

Mineralization

Various areas of mineralization exist within the Concession. The main mineralized areas identified to date, comprise a series of closely spaced narrow veins that strike Northeast-Southwest. These veins have been mined along strike for approximately 75 meters on the 100 level of the mine. The veins can be traced intermittently on surface over a total distance of 825 meters.

Of all the mineralised structures identified at the San Vicente Property to date only nine are described in detail within the Technical Report, these are the mineralised structures that have been cut with exploration drives in the mine. The nine structures are called:

1. Mineralised Zone 1 (“MZ1”);
2. Mineralised Zone 2 (“MZ2”); and
3. Mineralised Zone 3 (“MZ3”).

The nine mineralised structures are hosted within plagioclase porphyritic subvolcanic andesite member of the Tertiary Lower Calipuy Group volcanic rocks. A fourth mineralised structure (“MZ4”) encountered in January 2011 is also described in this section as it appears gold bearing unlike the other base metal veins.

Mineralised Zone 1

When Carbajal & Whitty S.A.C. visited the mine, it was found that the tunnel mined along the strike of the structure was full of broken mineral from the MZ2 and MZ3 structures. This meant that this structure could not be evaluated by Carbajal & Whitty S.A.C. and that the majority of information used to describe the MZ1 structure is that as described from the sampling and mapping undertaken by Luc Pigeon of Gateway Resource in June 2009. The MZ1 structure is only observed in the exploration drift within the mine, it is not observed on surface. In the mine, the gallery 100 was driven Northeast and Southwest from the main access. In total, the gallery 100 has been driven 80 metres along the MZ1 structure.

The only areas of the MZ1 structure that was accessible to Carbajal & Whitty S.A.C. were along the western extents of the strike of the structure. In this area it was found that the width of the mineralised structure was between 30 to 70cm and contained gouge and sulphides (galena, sphalerite and pyrite). No channel samples were taken by El Otro in this area as the roof was too high to sample safely. From the Gateway Resources technical report, the MZ1 structure was described where it cut the main access as having a width of 15 to 20 cm massive black sphalerite surrounded by a 0.80 to 1.10 metres wide mineralized in-situ clast supported breccia zone characterized by sub angular to angular andesite clasts.

From mapping it was observed that the country rock (andesite) of the MZ1 structure had undergone moderate propylitic alteration and contained up to 10% very fine-grained pyrite crystals that did not appear to be related to the silver, zinc and lead mineralisation.

Mineralised Zone 2

The MZ2 structure is observed in exploration drifts and on surface. On surface the MZ2 structure has a width of between 0.9 to 1.10 metres and consists of a structure similar to MZ1. The surface is oxidized and consists of secondary iron carbonates and oxides. Bright yellow jarosite is present with the secondary iron carbonates and oxides.

In the mine, the 120 gallery was driven along the MZ2 structure to the NE and SW from the main access for a distance of 78m. Above the 120 gallery a sublevel was driven along the MZ2 structure for a distance of 41 metres. The mineralisation within the MZ2 structure can be described as having a width of 15 to 20 centimetres massive black sphalerite surrounded by a 0.80 to 1.20 metres wide mineralised (galena, sphalerite, pyrite) in-situ clast supported breccia zone characterized by sub angular to angular andesite clasts. On the main level, twelve channel samples were taken in the southeast part of the vein and eight channel samples were taken on the sublevel above the main 120 gallery. Not all of the main drive along the 120 gallery could be sampled as parts of the drive were mined into the roof.

Mineralised Zone 3

The MZ3 structure is only observed in exploration drifts. It is the only structure that could be sampled along its entire length on the main level (gallery 130) and two sub levels above. In the mine, the 130 gallery was driven along the MZ3 structure to the Northeast and Southwest from the main access for a distance of 60 metres. Above the 130 gallery the first sublevel was driven along the MZ3 structure for a total of 55 metres and the second sublevel has been driven for a distance of 36 metres.

On the main level the vein had an average width of 0.26 metres, on the first sublevel the average width of the vein was 0.17 metres, the vein width for the second sublevel was not calculated as the vein could not be followed as a continuous structure. Unlike MZ1 and MZ2 only 30% of the MZ3 structure had a mineralised in-situ clast supported breccia zone and it contained much less gouge.

Mineralised Zone 4

The owner of the land on which this structure is located would not allow access to Carbajal & Whitty S.A.C. during their visit, but they have indicated that the structure was gold bearing. Photos taken and contained in the Technical Report show that this structure has being worked on surface.

Currently, it is the Company's intention to make arrangements with the current surface rights holders to obtain permission to access the areas to be explored in the initial programs, (Stages 0 and 1) and to acquire permits to carry on the more advanced work (Stage 2) when and as required.

Deposit Types

The Property is located within a well-known Miocene Oligocene epithermal silver and gold metallogenic belt in northern Peru. The Yanacocha, Lagunas Norte and Quiruyilca mines are world class deposits located within this belt. Based on the current geological knowledge of the San Vicente Property, the mineralization fits the igneous hosted poly metallic veins silver, lead, zinc and gold deposit type.

The San Vicente Property host rocks are also characterized by widespread disseminated pyrite mineralization, which the Technical Report describes as having appeared to form earlier in the paragenetic sequence. The Technical Report goes on to note that the occurrence of a diorite dyke a few metres from the polymetallic mineralization may explain this pyrite dissemination and also opens the potential of other type of mineralization such as porphyry type mineralization at depth. The Cretaceous sedimentary rocks of the area are also hosts to skarn and manto type deposits. Further research is needed to fully appreciate the property potential and pinpoint the exact deposit type.

RESULTS OF OPERATIONS AND SELECTED QUARTERLY FINANCIAL DATA

The six months ended February 29, 2020 compared to the six months ended February 28, 2019:

Net loss for the six months ended February 29, 2020 was $168,038 (2019 – net income of $1,170,148), a change of $1,338,186. This significant change was due to the prior period gain on the sale of a subsidiary of $1,349,242.

During the six months ended February 29, 2020, the loss before other income was $168,043 (2019 - $181,264) a decrease of $13,221. Changes in operations are mainly attributed to the following:

- Professional fees were $107,551 (2019 - $65,692) an increase of $41,859 related mainly legal, audit and accounting fees incurred in the process to take the Company public.

- Exploration and evaluation costs were $43,485 (2019 - $79,226), a decrease of $35,741. The decrease was mainly due to minimal expenditures incurred during the six months ended February 29, 2020 as the Company concentrated on the filing of the prospectus.

- Consulting fees were $7,525 (2019 - $25,260) a decrease of $17,735 as the Company reduced its costs while going through the process of filing its final prospectus.

The three months ended February 29, 2020 compared to the three months ended February 28, 2019:

Net loss for the three months ended February 29, 2020 was $45,373 (2019 – net income of $1,264,561), a change of $1,309,934. The change resulted mainly due to the prior period gain on the sale of a subsidiary of $1,349,242.

During the three months ended February 29, 2020, the loss before other income was $45,378 (2019 - $86,941) a decrease of $41,563. Changes in operations are mainly attributed to the following:

- Exploration and evaluation costs were $18,256 (2019 - $35,299), a decrease of $17,043, the decrease was mainly due to minimal expenditures incurred during the three months ended February 29, 2020 as the Company concentrated on the filing of the prospectus.

- Professional fees were $12,870 (2019 - $33,678) a decrease of $20,808 related mainly legal, audit and accounting fees incurred in the process to take the Company public.

- Consulting fees were $7,525 (2019 - $11,550) a decrease of $4,025 as the Company reduced its costs while going through the process of filing its final prospectus.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial information for the last eight quarters:

Quarter Ended	Total Revenues ($)	Net Income (Loss) ($)	Basic and Diluted Income (Loss) per Share
February 29, 2020	-	(45,373)	(0.00)
November 30, 2019	-	(122,665)	(0.00)
August 31, 2019	-	(140,876)	(0.00)
May 31, 2019	-	(104,636)	(0.00)
February 28, 2019	-	1,264,561	0.04
November 30, 2018	-	(94,413)	(0.00)
August 31, 2018	-	(72,119)	(0.00)
May 31, 2018	-	(115,859)	(0.00)

Below is a summary of significant variations in expenses from quarter to quarter:

During the quarter ended February 29, 2020, the Company had net loss of $45,373 compared to net loss of $122,665 during the quarter ended November 30, 2019. The decrease in the net loss of $77,292 is mainly due to a decrease in professional fees due to legal and accounting work completed on the final prospectus in the three months ended November 30, 2019 together with decreases in exploration and evaluation costs.

Income of $1,264,561 for the quarter ended February 28, 2019 substantially relates to the gain on sale of the Company's former subsidiary, LBJ of $1,349,242.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not have sufficient working capital to continue operations in the normal course of business for the foreseeable future and will require additional financing to remain financially solvent.

At February 29, 2020, the Company had cash of $569 and working capital deficiency of $395,791. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, including the Company's prospectus, suitable debt financing and/or other financing arrangements. While the Company's management has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. The following expenses were incurred to the Company's key management:

During the six months ended February 29, 2020, the Company incurred $nil (2019 - $18,000) of consulting fees to the Chief Executive Officer ("CEO"). As of February 29, 2020, the Company had an amount payable to the CEO for $20,233 (August 31, 2019 - $11,400).

During the six months ended February 29, 2020, the Company incurred $12,000 (2019 - $12,000) of consulting fees, defined as Professional Fees in the Income Statement, to the former Chief Financial Officer ("CFO"). As of February 29, 2020, the Company had amounts due to the CFO for $nil (August 31, 2019 - $nil).

At February 29, 2020, the Company had amounts due to Hugh Madden, a director of the Company, totaling $5,000 (August 31, 2019 - $nil).

At February 29, 2020, the Company had amounts due to Jim Clucas, a director of the Company, totaling $10,000 (August 31, 2019 - $nil).

At February 20, 2020, the Company had amounts due to an individual related to the CEO totalling $12,500 (August 31, 2019 - $nil).

All amounts due to related parties are without interest or stated terms of repayment.

SUBSEQUENT EVENTS

During February and March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company, including the ability of the Company to raise equity financing, in future periods.

OUTSTANDING SHARE DATA

As at the date of this MD&A the Company had 34,877,596 (February 29, 2020 – 34,877,596) common voting shares issued and outstanding. As at the date of this MD&A, the Company has no stock options or share purchase warrants outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

Valuation of mineral interests

The application of the Company's accounting policy for exploration and evaluation expenditures requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the information becomes available.

Going concern

The application of the going concern assumption requires management to consider all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Deferred income tax assets

Valuation of deferred tax assets requires the Company to estimate the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities. The Company applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Acquisitions

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion. Management uses Black-Scholes Option Pricing Model for valuation of warrants received as compensation of the sale of Minera LBJ, which requires the input of subjective assumptions including expected price volatility, risk free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations and equity reserves

PROPOSED TRANSACTIONS

There are no proposed transactions.

FINANCIAL INSTRUMENTS

Fair values

Assets and liabilities measured at fair value on a recurring basis are presented on the Company's interim condensed consolidated financial statements as follows:

	Fair value measurements using						
	Quoted prices in active markets for identical instruments (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)		Balance, February 29, 2020
Assets:							
Cash	$	569	$	–	$	–	$ 569
	$	569	$	–	$	–	$ 569

	Fair value measurements using						
	Quoted prices in active markets for identical instruments (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)		Balance, August 31, 2019
Assets:							
Cash	$	1,511	$	–	$	–	$ 1,511
	$	1,511	$	–	$	–	$ 1,511

The fair values of other financial instruments, which include accounts payable and accrued liabilities and due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash is on deposit at major financial institutions. The Company is not aware of any counterparty risk that could have an impact on the fair value of such investments. The carrying value of the financial assets represents the maximum credit exposure.

The Company minimizes credit risk by reviewing the credit risk of the counterparties to its arrangements on a periodic basis. The Company's concentration of credit risk and maximum exposure thereto relates to its cash held in the amount of $569 and accounts receivable in the amount of $6,957.

Liquidity Risk
Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at February 29, 2020, the cash balance of $569 (August 31, 2019 – $1,511) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities of $464,064 (August 31, 2019 - $302,550), amounts due to related parties of $47,733 (August 31, 2019 - $11,400) and required administrative and exploration and evaluation expenditures over the next twelve months. The Company will be required to raise additional capital in the future to fund its operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market price:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

Foreign currency risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in US dollars ("US$") and Peruvian Soles ("Sol"). At February 29, 2020 the carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	February 29, 2020		August 31, 2019	
	Sol	US$		US$
Cash	569	-	1,200	188
Accounts Payable	(206,640)	(34,000)	(112,466)	(33,760)

The Company has not entered any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US$ and Sol by 5% would increase or decrease net loss by approximately $2,300 and $3,500 respectively.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.

CAPITAL DISCLOSURES

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital are:

a) to safeguard the Company's ability to continue as a going concern; and
b) to ensure the Company has complied with resource property expenditure requirements in respect to issuances of flow-through shares.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure adequate amount of liquidity and review of financial results.

SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended August 31, 2019, except for the following:

Adoption of new standards - Leases

The Company adopted the requirements of IFRS 16 effective September 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

Upon the adoption of IFRS 16, the Company was not required to recognize any right of use assets and lease liabilities related to the Company's leased premises as the only lease outstanding at August 31, 2019 was a month to month contract.

For any new contracts entered into on or after August 31, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

Limited Operating History

The Company has not yet commenced operations and therefore has no history of earnings or of a return on investment, and there is no assurance that certain of its royalty or streaming interests or other assets will generate earnings, operate profitably or provide a return on investment in the future. The likelihood of success of the Company must also be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company's proposed business strategies incorporate its management's best analysis of potential markets, opportunities and difficulties that it may face. No assurance can be given that the underlying assumptions will be achieved.

The Company has never paid a dividend and, while it currently intends to seek to pay dividends in the future, has no current plans to pay dividends. The future dividend policy of the Company will be determined by the Company's Board. The ability of the Company to raise capital, satisfy its obligations and provide a return to its shareholders will be dependent on future performance.

Disclosure Controls and Internal Control Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time.

NI 43-101 Compliance Requirements

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), if an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who: (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure or (b) approved the written disclosure. For the purposes of this MD&A, William Feyerabend, PGeo, a geologist with more than 30 years of experience is the Qualified Person for the purposes of NI 43-101 has approved the written disclosure in this MD&A. This MD&A references a number of previous new releases in respect of disclosure of technical matters relating to mineral properties and reference should be made to these news releases to fully understand these references.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Additional Financings

The Company expects to be substantially dependent upon the equity and debt capital markets or alternative sources of funding to pursue additional investments. There can be no assurance that such financing will be available to the Company on acceptable terms or at all.

Additional equity or debt financings may significantly dilute shareholders, increase the Company's leverage or require the Company to grant security over its assets. If the Company is unable to obtain such financing, it may not be able to expand its portfolio of royalty or streaming assets and may not be able to execute on its business strategy. If the Company is unable to obtain financing for additional investments, it may determine to allocate income, if any, from other investments to finance additional investments.

There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

Key Management and Competition

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on several factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Title to Properties

Acquisition of rights to the 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 investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned.

Commodity Prices

Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Market Price and Listing of the Company's Shares

The Company has applied to have the Common Shares listed and posted for trading on the CSE. The listing of the Common Shares will be subject to the satisfaction of all of the CSE's initial listing requirements. If the Company receives final approval for listing the Common Shares on the CSE, there is no assurance that it will maintain such listing on the CSE or a listing on any other exchange or quotation service. There can be no assurance that an active trading market will develop or be sustained for the Common Shares. Shareholders may not be able to resell the Common Shares received pursuant to the Arrangement, which may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares. If an active or liquid market for the Common Shares fails to develop or be sustained, the price at which the Common Shares trade may be adversely affected.

An investment in the Company's securities is highly speculative, due to the high-risk nature of its business, lack of diversification and the present stage of its development. Shareholders of the Company may lose their entire investment.

If the Common Shares are publicly traded, the market price of the Common Shares may be affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for its shares. The effect of these and other factors on the market price of the Common Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of the Common Shares.

Global Financial Conditions may be Volatile

Market events and conditions, including the disruptions in the international credit markets and other financial systems, in China, Japan and Europe, along with political instability in the Middle East and Russia and falling currency prices expressed in United States dollars have resulted in commodity prices remaining volatile. These conditions have also caused a loss of confidence in global credit markets, excluding the United States, resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions caused the broader credit markets to be volatile and interest rates to remain at historical lows. These events are illustrative of the effect that events beyond the Company's control may have on commodity prices, demand for metals, including gold and silver, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business. Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and emerging markets, as well as concerns over global growth rates and conditions. These and other factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, the favourability of the terms of such financing to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the price of the Common Shares.

The Company will be Reliant on Third Party Reporting

The Company relies, and will rely, on public disclosure and other information regarding the properties in which it has an interest that it receives from the owners, operators and independent experts of such operations. Such information is necessarily imprecise because it depends upon the judgment of the individuals who operate the properties, as well as those who review and assess the geological and engineering information. In addition, the Company must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the properties, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to its streams and royalties. If the information provided by such third parties to the Company contains material inaccuracies or omissions, the Company's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Company.

FORWARD-LOOKING INFORMATION OR STATEMENTS AND CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of May 12, 2020 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company's existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to eventual realization of value from a mineral property; uncertainties as to fluctuation of the stock market; uncertainty of estimates of capital and operating costs; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; uncertainties as to fluctuations in currency exchange rates and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.