

# **SASSY RESOURCES CORPORATION**

## **Management's Discussion and Analysis**

**Nine Month Period Ended  
March 31, 2020**

(Expressed in Canadian Dollars)

**Report Date – May 26, 2020**

**SASSY RESOURCES CORPORATION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**Nine Month Period Ended March 31, 2020**

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**INTRODUCTION**

This Management’s Discussion and Analysis (“MD&A”) is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Sassy Resources Corporation (“Sassy” or the “Company”) for the nine month period ended March 31, 2020. It should be read in conjunction with the condensed interim financial statements for the nine month period ended March 31, 2020 (the “Interim Financial Statements”) and the audited annual financial statements for the year ended June 30, 2019 and the notes thereto.

Unless otherwise stated, financial results have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

The Company’s registered and records office is located at 804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, Canada. Additional information relating to the Company can also be found on the Company’s website at [www.sassyresources.ca](http://www.sassyresources.ca) or on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**FORWARD LOOKING STATEMENTS**

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as “forward-looking statements”). Often, but not always, forward-looking statements can be identified by the use of words such as “plans,” “expects” or “does not expect,” “is expected,” “planned,” “budget,” “scheduled,” “estimates,” “continues,” “forecasts,” “projects,” “predicts,” “intends,” “anticipates” or “does not anticipate,” or “believes,” or variations of such words and phrases, or statements that certain actions, events or results “may,” “could,” “would,” “should,” “might” or “will” be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

Management believes the primary risk factors have been identified in the Risks and Uncertainties section of this document.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the potential mineralization and geological merits of the of the Foremore property
- the potential mineralization and geological merits of the of the Nicobat property
- the availability of equity and other financing on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- our ability to attract and retain skilled labour and staff; and

We caution you that the foregoing lists of important risk factors and assumptions are not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

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**DESCRIPTION OF BUSINESS**

Sassy Resources Corporation (the “Company”, “Sassy”) was incorporated under the Business Corporations Act (British Columbia) on June 3, 2019. Sassy is an exploration stage mining company currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company completed a plan of arrangement with its former parent company, Crystal Lake Mining Corporation, wherein it acquired certain mineral properties located in British Columbia and Ontario, Canada (Refer to PLAN OF ARRANGEMENT). The Company is currently in the process of filing a listing application to begin trading on the Canadian Securities Exchange (“CSE”).

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at March 31, 2020, the Company had not yet determined whether the Company’s mineral property interests contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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.

**PLAN OF ARRANGEMENT**

Effective February 18, 2020, the Company completed a plan of arrangement with Crystal Lake Mining Corp. (“Crystal Lake”), and as a result became a reporting issuer in the provinces of British Columbia and Alberta.

Pursuant to the terms of the arrangement agreement, the Company:

- i) received Northwest Ontario nickel assets (the “Nicobat Property”), and took assignment of Crystal Lake’s rights under a Letter of Intent dated June 24, 2019, subsequently amended on November 12, 2019, to acquire a 100% ownership interest in 35 mineral claims located in the Eskay Creek district of British Columbia (the “Foremore Property”).
- ii) issued 9,999,999 common shares to the shareholders of Crystal Lake.

**RESOURCE PROPERTIES**

**Foremore Property**

In February 2020, the Company purchased the rights to acquire a 100% interest in the Foremore Property by making certain cash payments, issuing common shares and incurring exploration expenditures by specified deadlines as outlined below:

| <b>Date</b>                              | <b>Shares</b>    | <b>Cash</b>    | <b>Exploration Expenditures</b> |
|--|------------------|----------------|---------------------------------|
|  |                  | <b>(\$)</b>    | <b>(\$)</b>                     |
| On completion of the Plan of Arrangement | 250,000          | -              | -                               |
| On or before August 13, 2020             | 250,000          | 50,000         | 150,000                         |
| On or before August 13, 2021             | 250,000          | 66,667         | 150,000                         |
| On or before August 13, 2022             | 250,000          | 66,667         | 300,000                         |
| On or before August 13, 2023             | 250,000          | 66,666         | 300,000                         |
| On or before August 13, 2024             | -                | -              | 300,000                         |
| <b>Total</b>                             | <b>1,250,000</b> | <b>250,000</b> | <b>1,200,000</b>                |

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**RESOURCE PROPERTIES** (continued)

The Foremore Property is subject to a 3% NSR and the Company has the right to purchase back the royalty of 2% for \$2,000,000 and an additional royalty of 0.5% for \$1,000,000.

The Foremore Property covers 14,585 ha and is located in the Stikine Terrane, the largest and westernmost allochthonous terrain of the Intermontane Superterrane. The Foremore Property is predominantly underlain by the Devono-Mississippian Stikine Assemblage, a suite of variably foliated mafic to felsic flows and volcanics, interbedded limestone, and fine clastic sediments. Overlying these rocks and of limited aerial extent are arc volcanic rocks and sedimentary rocks of the Upper Triassic Stuhini Group. The eastern portion of the Foremore Property is dominated by the early Mississippian More Creek Pluton, coeval with and likely feeder to the Devono-Mississippian volcanic rocks. On the western portion of the property, a several kilometer long, northeast trending, low angle fault divides the lower, more foliated and phyllitic lithologies to the west from less foliated volcanic rocks to the east.

Mineralization on the Foremore Property is wide-spread and is classified into three main types: (1) volcanogenic massive sulphide (VMS), (2) Cu-Au skarn and (3) orogenic vein gold. The most significant VMS mineralization is hosted within the northeast trending More Creek Rhyolite along the southeast side of More Creek Flats at an elevation below 1,200m. The mineralization in the More Creek Rhyolite includes the BRT and Ryder surface showings. The second favored stratigraphic interval with a potential to hosting VMS deposits is marked by a sericitized felsic flow and volcanoclastic tuff named the SG Rhyolite.

Exploration in the area of the Foremore Property extends for over 30 years and includes prospecting, mapping sampling, airborne and ground geophysical surveys and 71 diamond drill holes.

In 2019, an exploration program was completed consisting of prospecting, mapping and sampling. Prospecting focused on areas that have recently been made accessible due to the rapidly receding glaciers and resulted in the discovery of the Toe Showing, which is characterized by 0.5 m wide, banded to massive pyrite-galena-sphalerite-chalcocopyrite mineralization hosted in highly sericitic schist and breccia; the Toe Showing is located in the path of the retreated Foremore Glacier. A total of 574 samples were collected from across the property and analyzed for Au, Ag, Cu, Pb and Zn. Significant assay results include sample 1291684 from the Toe Showing with 19% Zn, 17.5% Pb and 4.53 g/t Au, sample B0020958 from the SG Showing with 12.5% Zn, 6.8% Pb and 12.8 g/t Au and sample 1291751 also from the SG Showing with 11.2% Zn, 8.5% Pb and 12.8 g/t Au.

Based upon historic and current exploration results, on the geological setting of the Foremore Property and the personal inspection completed by the author, Trevor Boyd the Qualified Person ("QP"), of the Company's 43-101 compliant independent technical report (the "Foremore Au-Ag-Cu-Zn-Pb Property") that was Sedar filed on February 24, 2020, it was concluded that the property is of merit for the continued exploration of volcanic exhalative precious and base metal sulphide deposits.

In order to advance the Foremore Property it is recommended to compile and assess all historic and current exploration data in a 3D model. The model will allow the Company to delineated targets for drill testing. It is further recommended that borehole EM surveys be completed on the drill holes to determine the extent of massive sulfide mineralization and to detect off-hole conductive features that could represent mineralization.

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**RESOURCE PROPERTIES** (continued)

**Nikobat Property**

The Nikobat Property consists of 174 non-contiguous mineral claims located in the Rainy River district of Ontario. The property is subject to a 2% NSR, 1% of which may be purchased for a cash payment of \$1,000,000.

**RESULTS OF OPERATIONS**

**Three Months Ended March 31, 2020**

The Company incurred a net loss and comprehensive loss of \$149,745 for the three month period ended March 31, 2020. No comparative numbers are available as the Company incorporated on June 3, 2019.

**Nine Months Ended March 31, 2020**

The Company incurred a net loss and comprehensive loss of \$406,408 for the nine month period ended March 31, 2020. No comparative numbers are available as the company incorporated on June 3, 2019.

**SUMMARY OF QUARTERLY RESULTS**

|                                  | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> | <b>September 30,<br/>2019</b> | <b>June 30,<br/>2019</b> |
|----------------------------------|---------------------------|------------------------------|-------------------------------|--------------------------|
|                                  | <b>(\$)</b>               | <b>(\$)</b>                  | <b>(\$)</b>                   | <b>(\$)</b>              |
| Total revenue                    | -                         | -                            | -                             | -                        |
| Net loss for the period          | (476,690)                 | (87,152)                     | (119,511)                     | (1,500)                  |
| Basic and diluted loss per share | (0.06)                    | (0.11)                       | (119,511)                     | (1,500)                  |
| Total assets                     | 2,679,111                 | 312,739                      | 184,348                       | 1                        |
| Total long-term liabilities      | -                         | -                            | -                             | -                        |

The Company was incorporated on June 3, 2019, and as a result comparative figures prior to June 3, 2019 are not available.

**LIQUIDITY**

The Company's cash position increased to \$116,611 on March 31, 2020 from \$1 on June 30, 2019 due to equity placements completed in the period. In addition, working capital worsened from a deficit position of \$1,499 to \$71,452 on March 31, 2020 due to an impairment recorded on the advance to Crystal Lake.

To further stabilize the Company's financial situation and allow for exploration of the Company's newly acquired mineral properties, the Company has completed additional equity financings subsequent to March 31, 2020. Management is confident that it now has sufficient working capital to meet its anticipated financial obligations for the next fiscal year. However, if additional funds are required then there can be no assurances that funds will be available or on terms acceptable to the Company.

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**TRANSACTIONS WITH RELATED PARTIES**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and other members of key management personnel during the nine month periods ended March 31, 2020 and 2019 are as follows:

|   | <u>2020</u>    | <u>2019</u> |
|---|----------------|-------------|
|   | (\$)           | (\$)        |
| Management fees paid or accrued to Mark Scott, CEO of the Company                           | 150,000        | -           |
| Management fees paid or accrued to Richard Savage, a director and former CEO of the Company | 42,000         | -           |
|   | <u>192,000</u> | <u>-</u>    |

During the nine month period ended March 31, 2020, the Company recorded an impairment of \$307,058 a loan owing from a Company that shares directors in common.

As at March 31, 2020, a total of \$142,232 (June 30, 2019 - \$Nil) was included in accounts payable and accrued liabilities owing to the directors of the Company.

All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

**SUBSEQUENT EVENTS**

Subsequent to March 31, 2020, the Company completed a non-brokered private placement (the "Offering") wherein it issued 5,040,000 units at a price of \$0.25 per unit for aggregate proceeds of \$1,260,000. Each unit is comprised of a common share of the Company and share purchase warrant which entitles the holder to acquire an additional common share at a price of \$0.45 for period of 30 months from the closing date.

The Company paid a cash commission of \$25,550 in connection with the Offering. In addition, the Company issued 102,200 finder's warrants which entitle the holder to acquire a common share of the Company at \$0.25 for a period of 30 months from the date of closing.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. Refer to the Interim Financial Statements for a discussion of the Company's risk exposure and the impact thereof on the Company's financial instruments.

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**COMMITMENTS**

As at March 31, 2020 and the Report Date, the Company had no commitments.

**DISCLOSURE OF OUTSTANDING SHARE DATA**

Authorized Capital

Unlimited common shares without par value

Issued and Outstanding Capital

As at the Report Date, there were 21,910,000 common shares outstanding

Warrants Outstanding

As at the Report Date, the following warrants were outstanding.

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| <b>Expiry<br/>Date</b> | <b>Number of<br/>Warrants</b> | <b>Exercise<br/>Price<br/>(\$)</b> |
|------------------------|-------------------------------|------------------------------------|
| October 4, 2020        | 32,000                        | 0.25                               |
| March 6, 2021          | 14,400                        | 0.25                               |
| July 17, 2021          | 5,000,000                     | 0.10                               |
| November 21, 2022      | 5,040,000                     | 0.45                               |
| November 21, 2022      | 102,200                       | 0.25                               |
|                        | <b>10,188,600</b>             |                                    |

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Options Outstanding

As at the Report Date, there were no stock options outstanding.

**CAPITAL MANAGEMENT**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the period ended March 31, 2020.

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**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The following areas required a significant degree of estimation and judgment:

Carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

**ACCOUNTING POLICIES AND FUTURE ACCOUNTING POLICIES**

Refer to the Interim Financial Statements for details on accounting policies adopted in the period as well as future accounting policies.

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

**RISKS AND UNCERTAINTIES**

The Company is in the energy exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Exploration for and development of mineral properties involves a high degree of risk, and the cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

Beyond exploration risk, management is faced with other possible risks which include the following:

Financial Market Risk

The Company is in part dependent on the equity markets as a source of capital for making acquisitions or completing exploration programs. Accordingly, the Company's capital resources and ability to make acquisitions or incur exploration expenditures are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.



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**RISKS AND UNCERTAINTIES** (continued)

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, there are no known encumbrances. However, the results of the Company's investigations should not be construed as a guarantee of title.

Commodity risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum are impacted by world economic events that dictate the levels of supply and demand. The Company had no hedging contracts in place as at or during the period.

Environmental Risk

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the country in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and reclamation of mineral properties. Programs may also be delayed or prohibited in some areas.

Value Risk

There is no material risk as the Company has already previously impaired much of the value of its exploration and evaluations projects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

**OUTLOOK**

The effects of COVID 19 has had a significant impact on mining industry as well as the world in general. With the global economy slowing down the demand and price for commodities such as oil have hit 20 year lows. Conversely, the safe haven of gold has seen its price rise to more than US\$1,700 per ounce. We believe the demand for gold will continue to increase and the future for exploration stage companies is very bright. With the completion of the Company's most recent round of funding and a planned CSE listing, Sassy is poised for a successful 2020.

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**CORPORATE INFORMATION**

Directors: Mark Scott  
Richard Savage  
Kate McLaughlin  
Robert Stewart

Officers: Mark Scott – CEO  
Sean McGrath – CFO and Corporate Secretary  
Ian Fraser – VP of Exploration

Auditor: Davidson and Company LLP  
Suite 1200 – 609 Granville Street  
Vancouver, BC V7Y 1G6

Legal Counsel: Forooghian+Co  
1050 – 400 Burrard Street  
Vancouver, BC V6C 3A6

Transfer Agent: Endeavor Trust Corporation  
702 – 777 Hornby Street  
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