

# **Level 14 Ventures Ltd**

**MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE  
MONTHS ENDED MARCH 31, 2021**

### 1) Introduction

This Management Discussion and Analysis (“MD&A”) of Level 14 Ventures Ltd (“Level 14” or the “Company”) has been prepared by management as of May 10, 2021 and should be read in conjunction with the Company’s condensed consolidated unaudited financial statements for the three months ended March 31, 2021 and related notes thereto (the “Financial Statements”). Unless otherwise specified, all financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. All dollar amounts herein are expressed in Canadian dollars (the presentation and functional currency of the Company’s financial statements).

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described under “Other risks and uncertainties” and “Forward Looking Statements” towards the end of this MD&A.

### 2) Corporate profile and overall performance

Level 14 was incorporated under the Business Corporations Act (British Columbia) on November 7, 2018. Level 14 is an exploration-stage mining company with a focus on precious metals. The Company has one exploration asset, the Green Mountain Property, owned through its wholly-owned subsidiary, located in British Columbia, Canada. The Green Mountain Property consists of 3 contiguous digitally registered mineral tenures totaling approximately 5,593.5 hectares, upon which the Company will be completing Phase I of its exploration program during 2021.

The head office, principal address and registered office of the Company are located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

On April 30, 2021 the Company closed a financing issuing 18,546,000 units at \$0.055 per unit (each unit consisting of one common share of the Company and one whole warrant), for proceeds of \$1,020,030. Each whole warrant issued as part of the unit entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years from the date of the financing. No costs were incurred in connection with this unit issuance.

On November 30, 2020, the Company filed a final non-offering prospectus (“the Prospectus”) in relation to the listing of the Company on the Canadian Securities Exchange (“the Exchange”). The Company’s shares commenced trading on the Exchange on December 14, 2020 under the symbol “LVL”.

On October 22, 2020, the Company invested \$100,000 in 1246931 B.C. Ltd in the form of flow-through shares. In return for the consideration, 1246931 B.C. Ltd issued 33,333 common shares on a flow through basis to the Company.

On October 14, 2020 the Company completed the acquisition of all of the issued and outstanding shares of 1246931 B.C. Ltd., a private company with mineral rights to an exploration asset. 1246931 B.C. Ltd was purchased for consideration of 4,000,000 shares of the Company, \$28,000 cash and a 1.5% net smelter returns royalty on the exploration asset of 1246931 B.C. Ltd. The Company incurred \$6,182 in legal fees in relation to the acquisition of 1246931 B.C. Ltd in 2020.

On September 30, 2020, a director of the Company subscribed for 2,000,000 units at \$0.05 per unit (each unit consisting of one flow-through share of the Company and one whole warrant), for a total receipt of \$100,000 (the “Flow-through Financing”) (see “5. Liquidity and capital resources”). Each whole warrant issued as part of the unit entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period

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of five years from the date of the flow-through financing. Legal costs of \$14,260 were incurred in connection with this unit issuance and were recorded as share issuance costs within share capital in 2020.

On September 30, 2020, the Company closed a round of financing, issuing 6,620,000 units at \$0.05 per unit (each unit consisting of one common share of the Company and one whole warrant) for proceeds of \$331,000 (the “2020 Private Placement”) (see “5. Liquidity and capital resources”). Each whole warrant issued as part of the unit entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of five years from the date of the financing. No costs were incurred in connection with this unit issuance.

On April 23, 2020, 1246931 B.C. Ltd entered into a consulting agreement with C.J. Greig and Associates Ltd. for exploration services. In addition to consulting fees paid as incurred, the Company issued an additional 50,000 common shares upon successful completion of a 43-101 technical report by an independent qualified person on an exploration property owned by 1246931 BC Ltd. (these common shares were issued on October 19, 2020) and another additional 50,000 common shares upon the occurrence of the Company becoming listed on a public exchange (these common shares were issued on December 14, 2020).

### 3) Summary of annual data and quarterly results

The following table is a summary of the Company’s financial results and position for the last 3 completed years.

<i>In Canadian dollars</i>	Year ended December 31, 2020	Year ended December 31, 2019	For the period from incorporation on November 7, 2018 to December 31, 2018
Revenue	-	-	-
Loss from operations	245,186	43,402	30,710
Net Loss	245,186	43,402	30,710
Total Assets	688,188	229,716	248,752
Total non-current liabilities	-	-	-

*The presentation currency of the Company has been the Canadian dollar in every year presented and financial statements have been prepared in accordance with IFRS.*

The following table is a summary of the Company’s financial results and position for the 8 most recently completed quarters.

<i>In Canadian dollars unless otherwise stated</i>	Three months ended							
	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19
Net loss and comprehensive loss	37,048	164,460	68,267	6,072	6,387	10,110	8,158	6,838
Basic loss per share	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00
Diluted loss per share	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00
Weighted average shares (basic and diluted)	20,534,501	19,919,284	7,909,226	7,814,501	7,814,501	7,814,501	7,814,501	7,004,834
Total assets	632,632	688,188	643,457	217,046	223,438	229,716	236,554	243,661
Long-term liabilities	-	-	-	-	-	-	-	-

The vast majority of the Company’s assets was its cash balance until Q4 2020 when the Company purchased the Green Mountain property. The cash balance has remained relatively stable throughout all quarters shown until two financings which closed on September 30, 2020 which increased the cash balance. The Company has been preserving cash while searching for a suitable mining transaction for the business. The Company has incurred some general and administrative expenses during the periods shown, resulting in a small net loss in each period and a commensurate reduction in the total assets of the Company. The loss per share has remained reasonably consistent throughout the periods shown until the quarter ended September 30, 2020 which had a higher net loss due to a \$32,016 non-cash share-based compensation charge, as well as professional fees and business

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development fees associated with the Company's acquisition of 1246931 B.C. Ltd and proposed listing on the Exchange. In the quarter ended December 31, 2020 the Company had a higher net loss due to additional professional, filing and consulting fees associated with the listing of the Company on the Exchange, which was completed on December 14, 2020 (see "2. Corporate profile and overall performance").

#### 4) Results of operations

##### Three months ended March 31, 2021 compared to the three months ended March 31, 2020

As at March 31, 2021, the Company is an exploration mining company and has no sources of revenue, accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its expenses.

The Company incurred a total of \$37,048 operating and administrative expenses in the three months ended March 31, 2021 as compared to \$6,387 in the same period in the prior year. The table below details the changes in the expenditures for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020.

Expense/Other income	Increase/Decrease from prior year	Explanation for the change
Salaries and wages	Increase of \$7,590	The Company commenced paying a salary to the CFO in the third quarter of 2020. No salaries and wages were paid in the first quarter of 2020.
Management fees	Increase of \$9,000	The increase in the expense is a result of a management fee agreement which began on September 1, 2020 (see "6. Transactions with related parties"). No management fees were paid in the first quarter of 2020.
Insurance expense	Increase of \$2,750	The increase in the expense is a result of the purchase of insurance commensurate with the Company's listing on the Exchange.
Other general and administrative fees	Increase of \$579	Consistent in both periods.
Listing and filing fees	Increase of \$6,172	The increase in the expense is a result of the Company's listing on the Exchange. The shares began trading on December 14, 2020. No such fees were paid in the first quarter of 2020.
Professional fees	Increase of \$4,570	The increase in the expense is a result of consulting fees associated with additional activity of the business year-on-year as well as auditor fees of \$1,500 not incurred in the prior year.

#### Cash flows

In the three months ended March 31, 2021, the Company's cash balance decreased by \$64,989. This decrease is as a result of: incurring \$37,048 in cash operating expenses and an outflow of \$27,941 relating to timing differences with respect to non-cash working capital.

#### 5) Liquidity and capital resources

As at March 31, 2021, the Company had a cash balance of \$383,379 (December 31, 2020 - \$448,368) and a working capital surplus of \$365,015 (December 31, 2020 - \$402,063).

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On April 30, 2021 the Company closed a financing issuing 18,546,000 units at \$0.055 per unit (each unit consisting of one common share of the Company and one whole warrant), for proceeds of \$1,020,030. No costs were incurred in connection with this unit issuance.

Management believes that the Company has sufficient funds on hand to meet its current exploration program and anticipated administrative expenses and legal costs associated with ongoing operations, however, may need to raise additional capital through further rounds of equity financing.

As of the date hereof, the Company did not have any commitments for capital expenditures or other contractual obligations other than those discussed elsewhere in this MD&A. The Company has no debt other than its accounts payable balance.

#### 6) Transactions with related parties

Related parties are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly. Related parties of the Company include the members of the Board of Directors, officers of the Company, close family members of these individuals, and any companies controlled by these individuals. Pathway Capital Ltd (“Pathway”) is considered a related party of the Company as it is controlled by the Chief Executive Officer and a director of the Company.

On November 26, 2018, Level 14 entered into an administrative services agreement with Pathway to pay for rent and other administrative services. On September 1, 2020, this agreement was modified to include management fees in addition to the services already provided by Pathway. During the three months ended March 31, 2021, Level 14 paid or accrued \$15,000 to Pathway under the agreement (2020 - \$6,000), these expenses are included under general and administrative expenses and management fees in the consolidated statement of loss and comprehensive loss in the Financial Statements. As at March 31, 2021, Level 14 had an accounts payable balance of \$16,319 owing to Pathway (March 31, 2020 - \$16,003).

On October 7, 2020, the Company acquired 1246931 B.C. Ltd. from a related party of the Company, for 4,000,000 common shares of the Company (valued at \$200,000) and a 1.5% NSR on the Green Mountain property.

#### *Compensation of key management personnel:*

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Level 14 considers its Board of Directors, as well as the CEO and CFO to be key management personnel.

During the three months ended March 31, 2021 and 2020, the Company’s compensation cost for key management personnel was as follows:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
	\$	\$
Salaries and Wages	7,590	-
Share-based compensation	-	-
Total	-	-

As at March 31, 2021, the Company had an accounts payable balance of \$2,642 owing to the CFO included in Salaries and Wages in the table above.

## **7) Disclosure of data for outstanding common shares and stock options**

### **Common Shares**

As at the date of this report, the Company had 39,080,501 common shares outstanding.

### **Stock Options**

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees, and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

On December 14, 2018, the Company issued 700,000 stock options to directors and officers of the Company. On September 18, 2020, the Company issued 1,000,000 stock options to directors, officers of the Company, and consultants. All stock options issued vested upon grant and expire five years from the date of grant and are outstanding as of the date of this MD&A.

### **Warrants**

Pursuant to the completion of the 2021 Private Placement on April 30, 2021, the Company issued 18,546,000 share purchase warrants at an exercise price of \$0.10 per share for a period of five years from the date of closing the financing. All warrants are exercisable upon issuance as there are no vesting conditions attached.

Pursuant to the completion of the Flow-through Financing, on September 30, 2020, the Company issued 2,000,000 share purchase warrants at an exercise price of \$0.10 per share for a period of five years from the date of issuance. All warrants are exercisable upon issuance as there are no vesting conditions attached.

Pursuant to the completion 2020 Private Placement on September 30, 2020, the Company issued 6,620,000 share purchase warrants at an exercise price of \$0.10 per share for a period of five years from the date of closing the financing. All warrants are exercisable upon issuance as there are no vesting conditions attached.

As of the date of this MD&A, the fully diluted share count of the Company is 67,946,501.

## **8) Off-balance sheet transactions**

The Company did not have any off-balance sheet arrangements as at December 31, 2020, March 31, 2021 or as of the date of this MD&A.

## **9) Significant judgements and estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in the Financial Statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

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The Company's significant accounting judgments and estimates applied in the Financial Statements are as follows:

#### *Judgments*

- Management makes judgments related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

#### *Estimates*

- In calculating the fair value of the share-based compensation and warrants, management makes estimates related to the Company's share price volatility and expected life of the instruments. To the extent that these estimates are not correct, the value of these instruments within equity may differ.
- In calculating the fair value of the flow-through shares and warrants, management makes estimates related to the Company's share price volatility and expected life of the instruments. To the extent that these estimates are not correct, the value of these instruments within equity may differ.
- The fair value of the assets and liabilities purchased with 1246931 B.C. Ltd on October 7, 2020 have been estimated by management.
- The assessment of indicators of impairment for the mineral properties and the related determination of the recoverable amount and write-down of the properties where applicable. To the extent that these estimates are not correct, the value of the mineral properties may differ.

#### **10) Changes in accounting standards**

There are no upcoming changes in accounting standards which impact the Company.

#### **11) Financial instruments and capital management**

As at March 31, 2021, the Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. The Company classifies cash and receivables as financial assets held at amortized cost. The Company classifies accounts payable and accrued liabilities as financial liabilities, and these are held at amortized cost. The fair value of all of the Company's financial instruments approximates their carrying value.

All of the Company's financial instruments are considered to be Level 1 within the fair value hierarchy (as discussed below).

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly;  
and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the three months ended March 31, 2021.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial assets are cash and receivables. The Company holds its cash in a bank account with a highly rated Canadian financial institution, therefore minimizing the Company's credit risk. Receivables are due from a government agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has sufficient funds as of March 31, 2021 to cover its liabilities. The Company's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have only been transacted in Canadian dollars since incorporation and until March 31, 2021; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.

### **Capital Management**

In the management of capital, the Company includes the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares.

The Company manages the 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 the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

The Company's investment practice is to invest its excess cash in highly liquid short-term interest-bearing investments selected with regards to expected timing of its expenditures. The Company is not subject to any externally imposed capital requirements.

## **12) Forward looking statements**

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other



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similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results and as such should not be unduly relied upon by investors. Forward-looking statements contained in this MD&A speak only as to the date of this MD&A, or such other date as may be specified herein, and are expressly qualified in their entirety by this cautionary statement.