

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **ETRUSCUS RESOURCES CORP.** (the "Issuer").

Trading Symbol: **ETR**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

**The Issuer's condensed interim financial statements for the three months ended June 30, 2019 are attached as Schedule A**

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

## 1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**All related party transactions have been disclosed in the Issuer's June 30, 2019 condensed interim financial statements attached hereto as Schedule A.**

## 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
1/15/19	Common shs	For property	300,000	0.25	\$75,000	Property-royalty purchase	Unrelated	n/a

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
1/15/19	350,000	G Lam - CEO		0.25	1/15/24	0.25
1/15/19	250,000	F Aliperti- Exec Chair		0.25	1/15/24	0.25
1/15/19	125,000	M Sikich- Dir		0.25	1/15/24	0.25
1/15/19	125,000	J Leikam- Dir		0.25	1/15/24	0.25
1/15/19	200,000	J Lever- CFO		0.25	1/15/24	0.25
1/15/19	150,000	S Oates- Corp Sec		0.25	1/15/24	0.25
1/15/19	100,000		Consultant	0.25	1/15/24	0.25
1/15/19	100,000		Consultant	0.25	1/15/24	0.25
1/15/19	100,000		Consultant	0.25	1/15/24	0.25
1/21/19	200,000	D Webb- VP Expl.		0.25	1/21/24	0.25
1/21/19	75,000		Consultant	0.25	1/21/24	0.25
1/21/19	60,000		Consultant	0.25	1/21/24	0.25
3/15/19	50,000		Consultant	0.28	3/15/24	0.28

**3. Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

**Please refer to the Issuer's Condensed Interim Financial Statements for the three months ended June 30, 2019, specifically the Condensed Interim Statements of Changes in Equity and Notes 7 and 11(b).**

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

**Directors:**

**Gordon Lam  
Fiore Aliperti  
Jason Leikam  
Michael Sikich**

**Officers:**

**Gordon Lam- Chief Executive Officer  
Fiore Aliperti- Executive Chairman  
Jon Lever- CFO  
Sameen Oates- Corporate Secretary  
Dave Webb- Vice President of Exploration**

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

**Please refer to the Issuer's Management's Discussion and Analysis for the three months ended June 30, 2019, hereto attached.**

**Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated August 26, 2019.

**Gordon Lam**

Name of Director or Senior Officer

*"Gordon Lam"*

Signature

**CEO**

Official Capacity

<b>Issuer Details</b>		For Quarter Ended	Date of Report
Name of Issuer		June 30, 2019	19/08/26
<b>Etruscus Resources Corp.</b>			
Issuer Address			
<b>#604 – 850 West Hastings St.</b>			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
<b>Vancouver, BC V6C 1E1</b>		<b>(604) 687-5017</b>	<b>(604) 336-9088</b>
Contact Name		Contact Position	Contact Telephone No.
<b>Gordon Lam</b>		<b>CEO</b>	<b>(604) 336-9088</b>
Contact Email Address		Web Site Address	
<a href="mailto:gordon@etruscusresources.com">gordon@etruscusresources.com</a>		<b>www.etruscusresources.com</b>	

Schedule A- Condensed Interim Financial Statements

**ETRUSCUS RESOURCES CORP.**  
**Condensed Interim Financial Statements**  
**June 30, 2019**

**(Expressed in Canadian Dollars)**

**ETRUSCUS RESOURCES CORP.**  
**Index to Condensed Interim Financial Statements**  
**For the three-month period ended June 30, 2019**  
**(Expressed in Canadian Dollars)**

---

	Page
MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Condensed Interim Statements of Financial Position	2
Condensed Interim Statements of Operations and Comprehensive Loss	3
Condensed Interim Statements of Changes in Equity	4
Condensed Interim Statements of Cash Flows	5
Notes to Condensed Interim Financial Statements	6-20



## **MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed interim financial statements of Etruscus Resources Corp. (the "Company") are the responsibility of management.

These condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Company has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

**ETRUSCUS RESOURCES CORP.**

**Condensed Interim Statements of Financial Position**

**As at June 30, 2019**

**(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)**

	<i>June 30, 2019 (unaudited)</i>	<i>March 31, 2019 (audited)</i>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 998,046	\$ 1,276,494
Receivables ( <i>Note 3</i> )	24,221	16,662
Retainers, deposits and prepaid expenses	1,494	2,146
<b>Total current assets</b>	<b>1,023,761</b>	<b>1,295,302</b>
Exploration and evaluation assets ( <i>Note 4</i> )	469,743	301,789
Reclamation deposit	20,000	20,000
Equipment ( <i>Note 5</i> )	8,545	8,549
<b>Total assets</b>	<b>\$ 1,522,049</b>	<b>\$ 1,625,640</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities ( <i>Note 6</i> )	\$ 19,973	\$ 20,864
Due to related parties ( <i>Note 8</i> )	4,200	35,700
<b>Total current liabilities</b>	<b>24,173</b>	<b>56,564</b>
<b>EQUITY</b>		
Share capital ( <i>Note 7</i> )	1,947,612	1,947,612
Equity reserves	430,585	430,585
Deficit	(880,321)	(809,121)
<b>Total equity</b>	<b>1,497,876</b>	<b>1,569,076</b>
<b>Total liabilities and equity</b>	<b>\$ 1,522,049</b>	<b>\$ 1,625,640</b>

Nature and Continuance of Operations (*Note 1*)

Events After the Reporting Period (*Note 12*)

Approved and authorized on behalf of the Board on August 16, 2019.

Gordon Lam Director

Fiore Aliperti Director

*The accompanying notes are an integral part of these condensed interim financial statements.*

**ETRUSCUS RESOURCES CORP.**

**Condensed Interim Statements of Operations and Comprehensive Loss**

**For the three-month period ended June 30, 2019**

**(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)**

	<i>Three months ended June 30, 2019</i>	<i>Three months ended June 30, 2018</i>
<b>Operating Expenses:</b>		
Advertising, marketing, promotion	\$ 2,090	\$ 216
Consulting fees ( <i>Note 8</i> )	62,000	60,000
Depreciation ( <i>Note 5</i> )	1,064	-
Office and general	5,674	1,170
Professional fees	-	20,405
Regulatory and transfer agent fees	2,251	7,735
Rent	4,701	-
Total operating expenses	(77,780)	(89,526)
Net interest income	6,580	1,516
<b>Loss and comprehensive loss for the period</b>	<b>\$ (71,200)</b>	<b>\$ (88,010)</b>
Basic and diluted loss per common share	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
Weighted average number of common shares outstanding:		
Basic and diluted	<b>19,394,001</b>	17,174,704

*The accompanying notes are an integral part of these condensed interim financial statements.*

**ETRUSCUS RESOURCES CORP.**

**Condensed Interim Statements of Changes in Equity**

**For the three-month period ended June 30, 2019**

**(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)**

	<i>Share Capital</i>		<i>Equity Reserves</i>	<i>Deficit</i>	<i>Total</i>
	<i>Number of Shares</i>	<i>Amount</i>			
<b>Balance at March 31, 2018</b>	<b>13,800,001</b>	<b>\$ 535,000</b>	\$ -	\$ (61,036)	<b>\$ 473,964</b>
Shares issued for cash	5,218,000	1,304,500	-	-	1,304,500
Share issuance costs	-	(888)	-	-	(888)
Loss for the period	-	-	-	(88,010)	(88,010)
<b>Balance at June 30, 2018</b>	<b>19,018,001</b>	<b>\$ 1,838,612</b>	\$ -	\$ (149,046)	<b>\$1,689,566</b>
Shares issued for cash	300,000	75,000	-	-	75,000
Shares rescinded	(224,000)	(41,000)	-	-	(41,000)
Shares issued for property	300,000	75,000	-	-	75,000
Share based compensation	-	-	430,585	-	430,585
Loss for the period	-	-	-	(660,075)	(660,075)
<b>Balance at March 31, 2019</b>	<b>19,394,001</b>	<b>\$ 1,947,612</b>	<b>\$ 430,585</b>	<b>\$ (809,121)</b>	<b>\$1,569,076</b>
Loss for the period	-	-	-	(71,200)	(71,200)
<b>Balance at June 30, 2019</b>	<b>19,394,001</b>	<b>\$ 1,947,612</b>	<b>\$ 430,585</b>	<b>\$ (880,321)</b>	<b>\$ 1,497,876</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*

**ETRUSCUS RESOURCES CORP.**

**Condensed Interim Statements of Cash Flows**

**For the three-month period ended June 30, 2019**

**(Expressed in Canadian Dollars)  
(Unaudited – prepared by management)**

	<i>Three months ended June 30, 2019</i>	<i>Three months ended June 30, 2018</i>
<b>Cash flows used in operating activities</b>		
Loss for the period	\$ (71,200)	\$ (88,010)
Add-back non-cash items:		
Depreciation	1,064	-
Changes in non-cash working capital items:		
Receivables	(7,559)	(1,601)
Retainers, deposits and prepaid expenses	652	-
Accounts payable and accrued liabilities	(6,891)	(16,449)
Due to related parties	(35,700)	(18,375)
Net cash used in operating activities	<u>(119,634)</u>	<u>(124,435)</u>
<b>Cash flows used in investing activities</b>		
Investment in exploration and evaluation assets	(157,754)	(3,775)
Purchase of equipment	(1,060)	(3,371)
Net cash used in investing activities	<u>(158,814)</u>	<u>(7,146)</u>
<b>Cash flows provided (used in) financing activities</b>		
Shares issued for cash	-	1,304,500
Share issuance costs	-	(888)
Net cash provided by financing activities	<u>-</u>	<u>1,303,612</u>
<b>Change in cash and cash equivalents during the period</b>	<b>(278,448)</b>	1,172,031
<b>Cash and cash equivalents, beginning of period</b>	<b>1,276,494</b>	383,311
<b>Cash and cash equivalents, end of period</b>	<b>\$ 998,046</b>	\$ 1,555,342
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 98,046	\$ 1,555,342
Guaranteed investment certificates	900,000	-
Total	<u>\$ 998,046</u>	<u>\$ 1,555,342</u>

Supplemental Disclosure with Respect to Cash Flows (*Note 11*)

*The accompanying notes are an integral part of these condensed interim financial statements.*

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Etruscus Resources Corp. (“the Company”) was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017. The Company’s registered office is located at Suite 1780 – 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6. The Company’s common shares were listed for trading on the Canadian Securities Exchange (“CSE”) on January 15, 2019 (the “Listing Date”).

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenues and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company has incurred net operating losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to ultimately develop profitable operations.

Since incorporation on July 1, 2017, the Company has raised equity financing from investors and expects these funds to provide for its early stage exploration and working capital needs for the next twelve months. Additional fundraising may involve further private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures, to ensure the continuation of the Company’s operations. To the extent future financing is not available, future working capital commitments may not be satisfied and future exploration programs may face curtailment and could result in a loss of property ownership or earning opportunities for the Company.

There can be no assurance that the Company will be able to raise the funds necessary to continue future operations beyond 2019. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements.

### Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and are presented in Canadian dollars which is the financial currency of the Company.

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are classified as fair value through profit or loss. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements and notes thereto for the year ended March 31, 2019. These condensed interim financial statements do not include all disclosures required in annual financial statements but rather they follow recommendations for condensed interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of their application as those followed in the March 31, 2019 annual financial statements, except for the following policy that was adopted by the Company on April 1, 2019:

### New accounting standard: IFRS 16 – Leases

This new standard on leases supersedes IAS 17, *Leases*, and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for fiscal years beginning on or after January 1, 2019 and was therefore adopted by the Company as at April 1, 2019. Its purpose is to report information that faithfully represents lease transactions and provides financial statement users with a base to assess the amount, timing, and uncertainties of cash flows arising from leases. The main effect of IFRS 16 is the introduction of a single lessee accounting model requiring a lessee to recognize assets and liabilities for almost all leases, effectively eliminating the off-balance sheet treatment of many leases that were historically classified as operating leases.

Under IFRS 16, recognized assets are referred to as Right-of-use ("ROU") assets, which are then depreciated. A lease liability is recognized upon adoption representing the present value of the net remaining lease payments, discounted at an interest rate otherwise required if the asset was acquired through a financing arrangement, using the effective interest method. Lease expenses which used to be recorded as operating expenses will now be accounted for as interest expense, depreciation, and operating expenses. Lease liability is subsequently reduced by the lease payments made and increased by the interest cost on the liability.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### New accounting standard: IFRS 16 – Leases (continued)

At inception, the Company assesses whether a contract is or contains a lease. The assessment involves the exercise of judgment about whether the lease depends on a specified asset, whether the Company obtains substantially all the economic benefits for the use of that asset during the lease term, and whether the Company has the right to direct the use of the asset. If the lease contains an extension option that the Company considers reasonably certain to be exercised, the term of lease for the purpose of adopting IFRS 16 becomes the base lease plus the renewal option, including any associated costs. If the lease includes a purchase option, the cost of the purchase is included in the calculation of lease payments. Lease payments may be structured to include fixed and variable components, and only non-index linked variable payments are excluded from IFRS 16, which would be accounted for on an expense-as-incurred basis.

Once the leases and their costs and terms are identified, the Company recognizes a ROU asset and a lease liability at the commencement of the lease. ROU assets are included in Property and equipment, and the lease liability is included in current and non-current lease liability. The ROU assets are initially measured based on the present value of the lease payments not yet made at the date of adoption, plus initial direct costs and obligations to refurbish the asset, less any incentives received. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU assets are subject to testing for impairment if there is an indicator for impairment.

In applying IFRS 16 for the first time, the Company considered the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with similar characteristics;
- accounting for operating leases than have remaining terms of less than 12 months as at April 1, 2019;
- the exclusion of low-value leases;
- the use of hindsight to determine lease terms where contractual rights exist to extend or terminate; and
- the exclusion of initial direct costs in the measurement of ROU assets at the date of adoption.

Accordingly, the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months. The Company has also elected, for certain low-value assets, to treat them as operating leases and to expense as incurred. The payments for such short-term and low-value leases are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term.

The only lease the Company has under contract is its office lease, which terminates December 31, 2019 and does not have an option to renew. As the term is less than 12 months, the use of the practical expedient to account for short term leases as operating expenses means that the adoption of IFRS 16 did not result in the recognition of a ROU or a lease liability as at April 1, 2019, and there is no financial impact to the Company's financial statements.

### Use of judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of judgements and estimates (continued)

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for the year ended March 31, 2019, except for the new significant judgements related to lessee accounting under IFRS 16 as described in the following paragraph:

The significant judgements, estimates and assumptions made by management in the preparation of these and future financial statements, specifically as they relate to IFRS 16 - Leases, primarily include evaluating the appropriate discount rate to use to discount the lease liability, the determination of the lease term when the lease contains an extension option, and assessing if the Company is reasonably certain that it would exercise an extension option. Significant judgements, estimates and assumptions regarding these factors affect the present value of the lease liabilities recognized, as well as the associated value of the right-of-use assets.

3. RECEIVABLES

	<i>June 30, 2019</i>	<i>March 31, 2019</i>
Recoverable sales taxes	\$ 9,717	\$ 6,226
Interest	14,504	10,436
Total receivables	\$ 24,221	\$ 16,662

4. EXPLORATION AND EVALUATION ASSETS – Mineral Properties

	<i>Rock &amp; Roll Property</i>	<i>Sugar Property</i>	<i>Total</i>
Balance, March 31, 2018	\$ 135,750	\$ -	\$ 135,750
<i>Additions:</i>			
Acquisition costs	91,630	-	91,630
Accommodation and camp costs	2,331	-	2,331
Archaeological surveying	16,158	-	16,158
Community relations	20,779	-	20,779
Geological and geophysical consulting	31,460	-	31,460
Helicopters and aircraft support	3,181	-	3,181
Licenses, claim fees and permits	500	-	500
Balance, March 31, 2019	\$ 301,789	\$ -	\$ 301,789
<i>Additions:</i>			
Acquisition costs	18,299	7,889	26,188
Accommodation and camp costs	35,256	-	35,256
Assays and laboratory analysis	1,949	-	1,949
Community relations	381	-	381
Field expenses	2,277	-	2,277
Geological and geophysical consulting	52,155	-	52,155
Helicopters and aircraft support	49,221	-	49,221
Licenses, claim fees and permits	527	-	527
Balance, June 30, 2019	\$ 461,854	\$ 7,889	\$ 469,743

**Rock & Roll Property Liard Mining Division, Northwest British Columbia, Canada**

The Rock & Roll Property (the “Property”) consists of thirty-three (33) contiguous mineral claims totaling 14,226 hectares (“Ha”) situated in the Liard Mining Division of British Columbia, in the Iskut River valley of the Coast Mountains in northwestern British Columbia.

On March 1, 2018, the Company entered into an agreement with Equity Exploration Consultants Ltd. (“Equity”) to acquire 14 contiguous claims totaling 4,723 Ha for \$50,000 cash (paid) and 800,000 common shares of the Company at a value of \$0.10 per share (issued), for a total acquisition cost of \$130,000. The Property is subject to a 2% net smelter return (“NSR”) royalty, held by a group of six parties. The Company received an option to purchase one-half of the 2% NSR (the “NSR Buyout Option”) for a future payment of \$2,000,000 to the royalty holders within 30 days of the commencement of commercial production or December 31, 2030, whichever comes earlier. The NSR Buyout Option was granted by the issuance of 300,000 shares to the royalty holders within three days of the Listing Date, issued at a fair value of \$0.25 per share for a total fair value of \$75,000.

4. EXPLORATION AND EVALUATION ASSETS – Mineral Properties (continued)

Following the acquisition of the initial claims purchased from Equity, up to the end of the fiscal year ended March 31, 2019, the Company staked 19 contiguous mineral claims totaling 9,503 Ha at a cost of \$16,630. During the current fiscal period (Q1 2020) the Company staked a further 5 contiguous claims totaling 7,110 Ha at a cost of \$18,299. As at June 30, 2019 the Property consists of 38 mineral claims totaling 21,336 Ha.

Equity has notified the Company that there may be unregistered royalties on the Property in favour of Prime Equities International Corporation. To the Company's best information and belief, such royalties (i) are not evidenced by any completed legal instrument and (ii) have not been the subject of any notice or claim to Equity asserting such royalties. The Company has agreed to indemnify Equity against all costs, charges, and expenses, including any amount paid to settle a threatened or an actual action or to satisfy a judgment, reasonably incurred by Equity in the event that such possible royalties are validated as existing legal obligations binding on the Property.

#### **Sugar Property - Liard Mining Division, Northwest British Columbia, Canada**

During the current period, the Company staked 10 contiguous mineral claims totaling 4,508 Ha at a cost of \$7,889. The group of claims is known as the Sugar Property ("Sugar"), located approximately 7 km northwest of the Company's Rock and Roll Property and 25 km southwest of the Galore Creek deposit.

Past mapping on the property has outlined multiple Texas Creek intrusive units that are commonly associated with important copper and/or gold deposits within the Golden Triangle including Galore Creek, KSM copper-gold deposit and Pretium's Brucejack (Valley of the Kings) gold deposit.

Sugar includes several types of copper and copper/zinc occurrences which are mainly associated with skarns and/or quartz veins/stockworks. A 4 km long mineralized skarn, a nearby, copper-bearing quartz vein stockworks and a prominent gossan have been located on Sugar. No drilling has been done yet on Sugar, but historic rock samples have returned numerous results greater than 1% copper and 5% Zinc. All of the available data is being incorporated into a detailed GIS compilation in order to assess the potential and guide further work on Sugar.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties, and, to the best of its knowledge, titles are in good standing.

5. EQUIPMENT

	<i>Computers and software</i>	<i>Furniture and fixtures</i>	Total
<b>Cost</b>			
Balance, March 31, 2018	\$ -	\$ -	\$ -
Additions	3,878	7,349	11,227
Balance, March 31, 2019	3,878	7,349	\$ 11,227
Additions	1,060	-	1,060
Balance, June 30, 2019	\$ 4,938	\$ 7,349	\$ 12,287
<b>Accumulated depreciation</b>			
Balance, March 31, 2018	\$ -	\$ -	\$ -
Depreciation	1,392	1,286	2,678
Balance, March 31, 2019	1,392	1,286	\$ 2,678
Depreciation	513	551	2,678
Balance, June 30, 2019	\$ 1,905	\$ 1,837	\$ 2,678
<b>Net book value - March 31, 2019</b>	<b>\$ 2,486</b>	<b>\$ 6,063</b>	<b>\$ 8,549</b>
<b>Net book value – June 30, 2019</b>	<b>\$ 3,033</b>	<b>\$ 5,512</b>	<b>\$ 8,545</b>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are comprised as follows:

	<i>June 30, 2019</i>	<i>March 31, 2019</i>
Accounts payable	\$ 7,973	\$ 8,864
Accrued liabilities	12,000	12,000
	<b>\$ 19,973</b>	<b>\$ 20,864</b>

7. SHARE CAPITAL

Authorized: Unlimited number of common shares, without par value.

Issued: 19,394,001 common shares (March 31, 2019 – 19,394,001 common shares), of which 9,000,000 shares are held in escrow and are releasable over a 3-year period after the Listing Date. The release schedule of the escrow shares was 1,000,001 on the Listing Date, and 1,500,000 every 6 months thereafter.

7. SHARE CAPITAL (continued)

*Transactions for the period ended June 30, 2019:*

The Company did not have any equity transactions during the current period.

*Transactions for the year ended March 31, 2019:*

- a) On May 10, 2018, the Company completed a two-tranche private placement consisting of 5,218,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one-half of one non-transferrable share purchase warrant. Each full warrant, of which there are 2,609,000, is exercisable into one further common share at a price of \$0.50 per share for a period of two years. The first tranche closed on April 30, 2018 raising \$1,024,500 by issuing 4,098,000 units, and the second tranche closed on May 10, 2018 raising \$280,000 by issuing 1,120,000 units. There was no value attributed to the warrants under the residual value method. Share issuance costs of \$888 were incurred on this private placement.
- b) On December 12, 2018, 100,000 common shares (issued at \$0.10 per share on March 7, 2018) were rescinded and returned to treasury, as were 104,000 common shares (issued at \$0.25 per unit on April 30, 2018), and a further 20,000 common shares (issued at \$0.25 per unit on May 10, 2018). The respective 62,000 warrants issued concurrently with the 124,000 rescinded common shares, previously issued at \$0.25 per unit, were also rescinded.
- c) On December 27, 2018, the Company completed a private placement of \$75,000 consisting of 300,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one-half of one non-transferrable share purchase warrant. Each of the 150,000 full warrants is exercisable into one further common share at a price of \$0.50 per share for a period of two years. There was no value attributed to the warrants under the residual value method. No share issuance costs were incurred on this private placement.
- d) The Company's common shares were listed to trade on the CSE under the symbol "ETR" on January 15, 2019. On that date 1,000,000 common shares released from escrow, leaving 9,000,001 common shares escrowed.
- e) To receive the NSR Buyout Option, the Company issued 300,000 common shares to the royalty holders within three days of the Listing Date, at a deemed price of \$0.25 per share. The exercise of the NSR Buyout Option will require a payment of \$2,000,000 to the royalty holders within 30 days of the commencement of commercial production or December 31, 2030, whichever comes earlier.

*Stock options:*

The Company, at the time of incorporation, adopted a 10% Rolling Stock Option Plan ("SOP") under which the Company is authorized to grant stock options to executive officers and directors, employees and consultants. The exercise price of each stock option equals the market price of the Company's stock as calculated on the date of grant. The options vest upon grant. The fair value of the options will be determined and recorded on grant pursuant to the Black-Scholes option pricing model as a credit to equity reserves. The following options transactions are summarized below:

7. SHARE CAPITAL (continued)

*Stock options: (continued)*

On January 15, 2019, the Company granted 1,500,000 stock options to directors, officers and consultants, exercisable at \$0.25 per share for a period of five years. The options vested upon grant.

On January 21, 2019, the Company granted a total of 335,000 stock options to an officer and two consultants, exercisable at \$0.25 per share for a period of five years. The options vested upon grant.

On March 15, 2019, the Company granted 50,000 stock options to an adviser, exercisable at \$0.28 per share for a period of five years. The options vested upon grant.

During the year ended March 31, 2019 the Company recognized \$430,585 in share-based payments from the three stock option grants described above, based on the following weighted average assumptions:

	2019
Weighted average assumptions:	
Risk-free interest rate	1.61% - 1.93%
Expected dividend yield	-
Expected option life (years)	5
Expected Stock price volatility	150%
Weighted average fair value at grant date	\$0.255 - \$0.288
Expected forfeiture rate	-

Schedule of changes in stock options:	Number of options	Weighted average exercise price
Balance at March 31, 2018	-	\$ -
Options granted	1,885,000	0.25
Options exercised	-	-
<b>Balance at March 31, 2019 and June 30, 2019</b>	<b>1,885,000</b>	<b>\$ 0.25</b>

As at June 30, 2019, the following stock options are outstanding and exercisable:

Expiry Date	Number of Options	Exercise Price (\$)	Weighted average remaining contractual life (years)
January 15, 2024	1,500,000	0.25	4.55
January 21, 2024	335,000	0.25	4.56
March 15, 2024	50,000	0.28	4.71
<b>Total outstanding options</b>	<b>1,885,000</b>		<b>4.56</b>

## 7. SHARE CAPITAL (continued)

### Warrants:

Through certain unit offerings that completed, the Company has issued warrants in addition to shares. Warrant transactions are summarized as follows:

Schedule of changes in warrants:	Number of warrants	Weighted average exercise price
Balance at March 31, 2018	-	\$ -
Warrants issued	2,759,000	0.50
Warrants rescinded	(62,000)	0.50
<b>Balance at March 31, 2019 and June 30, 2019</b>	<b>2,697,000</b>	<b>\$ 0.50</b>

As at June 30, 2019, the following warrants are outstanding:

Expiry Date	Number of Warrants outstanding	Exercise Price ( \$ )	Weighted average remaining contractual life (years)
April 30, 2020	1,997,000	0.50	0.84
May 10, 2020	550,000	0.50	0.86
December 27, 2020	150,000	0.50	1.47
<b>Total</b>	<b>2,697,000</b>		<b>0.88</b>

#### 8. RELATED PARTY TRANSACTIONS AND BALANCES

The following related parties for the periods presented include directors and key management personnel, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

- a) Hatch 8 Consulting is a company controlled by the current Chief Executive Officer and director of the Company, and provides consulting services to the Company;
- b) Lever Capital Corp. is a company owned by the Chief Financial Officer and provides consulting services to the Company;
- c) The Company's Corporate Secretary provides general administrative services, bookkeeping and corporate secretarial services to the Company;
- d) Avanti Consulting Inc. is a company controlled by a director who acts as Chairman of the Board, and provides consulting services to the Company; and
- e) DRW Geological Consultants Ltd. is a company that is controlled by the Company's Vice-President of Exploration and which provides the Company with geological consulting services, the amounts of which are capitalized under exploration and evaluation assets.

The aggregate value of fee-based transactions and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the period ended June 30, 2019	Transactions for the year ended March 31, 2019	Balance payable as at June 30, 2019	Balance payable as at March 31, 2019
Hatch 8 Consulting	(a)	\$ 22,500	\$ 67,500	\$ -	\$ 7,875
Lever Capital Corp.	(b)	7,500	30,000	-	7,875
Sameen Oates	(c)	7,500	30,000	-	7,875
Avanti Consulting Inc.	(d)	7,500	30,000	-	7,875
DRW Geological Consultants Ltd.	(e)	12,000	8,000	4,200	4,200
<b>Total</b>		<b>\$ 57,000</b>	<b>\$ 165,500</b>	<b>\$ 4,200</b>	<b>\$ 35,700</b>

For the period ended June 30, 2019, there were no stock option grants to officers and directors, During the year ended March 31, 2019, the Company granted 1,200,000 stock options to directors and officers with a fair value at grant date of \$319,200.

In May and June 2019, exploration costs of \$75,998 incurred on the Property were paid on behalf of the Company by Metallis Resources Inc. (“MTS”), a public company related by two common directors and a common CFO. All amounts were fully repaid to MTS by the Company during the period ended June 30, 2019. The Company utilized MTS’s contractual relationships and exploration subcontractors to execute an early-season field program on the Property. There were no transactions with MTS during the year ended March 31, 2019.9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities and are accounted for under *IFRS 9 – Financial Instruments*. Financial instruments are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- ii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company has implemented the following classifications for financial instruments:

- The Company’s financial assets are cash and cash equivalents, interest receivable and reclamation deposit. Cash and cash equivalents and reclamation deposit are classified as fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Interest receivable is classified as amortized cost. The fair values of these financial instruments approximate their carrying values due to their short-term maturities.

- Financial liabilities comprise accounts payable and due to related parties. These financial liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method, except for certain financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. Interest expense is recorded in profit or loss, as applicable.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.



Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data, with fair value measurement derived from valuation techniques.

The fair values of cash and cash equivalents are measured at fair value on a recurring basis based on Level 1 inputs of the fair value hierarchy and reclamation deposit is measured at fair value based on Level 2 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents and receivables. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables consist primarily of recoverable Canadian sales taxes and accrued interest on short-term money market investments for which management believes the collectability of these amounts to be assured.

### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company has cash and cash equivalents of \$998,046 to settle liabilities of \$24,173. Management believes that the Company has sufficient liquidity for its 2019 exploration and working capital requirements but will require additional financing beyond the ensuing year.

The Company has relied on equity financings to satisfy its capital requirements and will continue to depend upon equity capital as required. The Company may also enter into earn-in arrangements or the sale of certain property interests. There can be no assurance the Company will be able to obtain its future planned financings on acceptable terms. The ability of the Company to continue on this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

## 9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

### Interest rate risk

The Company is not exposed to material risk in the event of interest rate fluctuations. The Company has no long-term debt and has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations, nor are current interest rates onerous.

### Foreign currency risk

The Company's functional currency is the Canadian dollar and an immaterial amount of transactions are in other currencies. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

## 10. CAPITAL MANAGEMENT

Capital is comprised of shareholders' equity. The Company's objectives when managing capital are to fund critical exploration work, meet its on-going liabilities, continue as a going concern, maintain creditworthiness and to ultimately maximize returns for shareholders over the long term. Meeting current and future liabilities and obligations as a non-revenue early stage explorer requires mid-term planning with respect to financing, by considering current and future cash needs with the state of Company's internal, exploration and financing risks at any particular time. The Company endeavors to maintain capital balances over the periods to alleviate unexpected cash flow shortfalls. The capital for operations and the acquisition and exploration of exploration and evaluation assets has come from the issuance of common shares and in that regard the Company has an objective to minimize shareholder dilution with respect to its future equity financings. To date, the proceeds raised from the Company's initial financings have facilitated the acquisition of a property of merit, funded the costs of going public, and will fund both the initial 2019 exploration season and the Company's working capital needs for the ensuing 12 months. The Company is not subject to externally imposed capital requirements.

## 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended June 30, 2019 were as follows:

- a) As at June 30, 2019, \$4,000 and \$6,000 capitalized to exploration and evaluation assets is included in amounts due to related parties and accounts payable and accrued liabilities, respectively.

The significant non-cash investing and financing transactions during the year ended March 31, 2019 were as follows:

- b) Within three days of the Listing Date, 300,000 common shares were issued to the royalty holders with an estimated fair value of \$75,000; the issuance of the shares was a prerequisite to receive the NSR Buyout Option which is an option to purchase 1/2 of the 2% royalty at a cost of \$2,000,000 within 30 days of the commencement of production or December 31, 2030, whichever comes earlier; and
- c) As at March 31, 2019, \$4,000 capitalized to exploration and evaluation assets is included in amounts due to related parties.

## 12. EVENTS AFTER THE REPORTING PERIOD

The Company moved its office to #604 – 850 West Hastings St., Vancouver, BC, V6C 1E1, under a three-year sublease at a monthly fixed lease payment of \$1,688.

On July 15, 2019, 1,500,000 common shares were released from escrow.

The Company staked one further mineral claim contiguous to the Property. The new claim totals 620 Ha.

Schedule C - Management's Discussion and Analysis

**ETRUSCUS RESOURCES CORP.**  
**Management's Discussion and Analysis**  
**Three-month period ended June 30, 2019**

---

**Introduction**

The following management discussion and analysis ("MD&A") is dated August 16, 2019 and provides information on the activities of the Etruscus Resources Corp. ("Etruscus" or "the Company") as at and for the three-month period ended June 30, 2019, and should be read in conjunction with the condensed interim financial statements for the three-month period ended June 30, 2019 and the annual financial statements for year ended March 31, 2019, and Notes to the financial statements thereto. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented for the period ended June 30, 2019 are not necessarily indicative of the results that may be expected for any future period.

Technical aspects of this MD&A have been reviewed and approved by the Company's Vice-President of Exploration, Dr. David Webb, P.Geo., P. Eng., designated as a Qualified Person under National Instrument ("NI") 43-101. This MD&A was written to comply with the requirements of NI 51-102 – Continuous Disclosure Obligations and includes material events and transactions up to the date of this report.

The Company was incorporated on July 1, 2017 and its common shares were listed for trading on the CSE Exchange ("CSE") under the trading symbol "ETR" on January 15, 2019 (the "Listing Date"). Further information about the Company and its operations can be obtained from the offices of the Company, located at Suite #604 - 850 West Hastings St., Vancouver, BC, V6C 1E1, or from Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

**Cautionary Note Regarding Forward-Looking Information**

Readers are cautioned that management's discussion and analysis contains "forward-looking statements". Forward-looking statements reflect the Company's current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as "intends", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations, fluctuation of currency exchange rates, actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in mineral resources, grade or recovery rates, accidents, labour disputes and other risks of the mining industry, delays in obtaining, or inability to obtain, required governmental approvals or financing, as well as other factors discussed under "Risks and Uncertainties". Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

The Company has made numerous assumptions about the forward-looking statements and information contained herein, including among other things, assumptions about the Company's anticipated costs and expenditures and its ability to achieve its goals. Even though the Company's management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statements statement or information will prove to be accurate. Forward-looking statements contained in this

MD&A are made as of the date of this report. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company will update forward-looking statements in its management discussion and analysis as required by applicable law.

## **Description of Business**

The Company is a junior mineral exploration company without any operating revenues. Its principal project is in the Liard Mining Division in northwestern British Columbia where it has a 100% interest in the Rock and Roll Property (the "Property"), a group of 39 contiguous mineral claims totaling 21,955 hectares ("Ha"), consisting of 14 purchased claims and 25 claims subsequently staked by the Company. The purchased claims contain 103 historic drill holes, all drilled by previous operators, with the most significant program occurring in 1991. The drilling outlined a polymetallic volcanogenic massive sulphide ("VMS") deposit primarily based on silver, zinc and gold values (refer to Table 1 below) which are worldwide saleable commodities subject to the normal variations in the global market. The Company intends to continue exploration of the project, using improved technologies with a goal to expand the scope, depth and grade of the deposit.

Mineral exploration involves a high degree of risk. The recoverability of the amounts expended on exploration by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete its exploration programs, the development of its mineral properties and upon future profitable production or the proceeds from the disposition of its properties. The Company has not yet determined whether the Property contains economically recoverable reserves.

## **Property Highlights**

- the Rock and Roll Property is located in the prolific golden triangle of northwestern British Columbia, 150 km north of Stewart's Deep-Sea Port;
- the Property hosts the polymetallic Black Dog Deposit, a known VMS deposit, geologically similar to the VMS deposits at the Eskay Creek Mine and Granduc Mine;
- historic drilling on the Property predominantly from 1989-1991 by Prime Resources (one of Murray Pezim's companies) outlined the massive sulphide Black Dog Horizon as well as the SRV Zone;
- numerous geochemical anomalies and geophysical conductors remain untested and potential for finding other massive sulphide lenses remains high as these types of deposits often form in clusters;
- the Property is situated 7 km from the Bronson Mining Camp currently being used by Skeena Resources and Seabridge Gold Inc. to explore the neighbouring historic Snip Mine and historic Johnny Mountain Mine respectively;
- a new road has been planned that will extend vehicle access to Bronson Mining Camp which in turn will facilitate an increase of infrastructure in the area and a decrease in costs of exploration; and
- in December 2018, a 43-101 compliant technical report (the "Technical Report") was filed on SEDAR containing the following Inferred Resource estimate prepared by Dr. A. Armitage:

Table 1: Rock and Roll Inferred Mineral Resource Estimate, August 3 <sup>rd</sup> , 2018 (Cut-off Grade 0.5 g/t AuEq)							
Resource		Grade					AuEq
Inferred	2,015,000 Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	(g/t)
			0.71	87.1	0.23	0.23	0.98
	Contained Metal	46,000 Ozs	5,643,000 Ozs	10,246,000 Lbs	10,180,000 Lbs	43,503,000 Lbs	170,000 Ozs

*\*Mineral resources are reported at a base case cut-off grade of 0.5 g/t gold equivalent (AuEq) considering metal prices in USD of \$1,250.00/oz Au, \$17.00/oz Ag, \$3.00/lb Cu, \$1.00/lb Pb and \$1.20/lb Zn, and assuming metal recoveries of 95% for zinc, 80% for lead, 90% for copper, 85% for silver and 80% for gold or 85% for AuEq. Metallurgical recoveries will be adjusted with future metallurgical testing.  $AuEq = (Au\ g/t * 0.8) + (Ag\ g/t * 0.012) + (Cu\% * 1.48) + (Pb\% * 0.44) + (Zn\% * 0.63)$ .*

## **Corporate Outlook**

The Company began trading on the CSE Exchange on January 15, 2019 and currently has working capital of approximately \$920,000 which will finance the remainder of its 2019 exploration season and its overhead expenses through the ensuing year. Depending on the scope of 2019 drilling, which is planned for late summer and early fall, further financing may be required.

The Company's primary objectives over the ensuing year are as follows:

- complete the recommended Phase 1 work program set out in the Company's 43-101 Technical Report, estimated to cost \$300,000 (since divided into Phases 1 and 2);
- if results warrant further exploration work, and subject to obtaining additional financing, if necessary, complete the recommended Phase 2 drill program set out in the Technical Report, estimated to cost up to \$1,450,000 (since renamed as Phase 3); and
- Map and sample the Property, including the 25 claims staked by the Company to generate further targets of interest.

The Property's location in BC's Golden Triangle offers an exciting, historic region for exploration and mining development. According to the 2017 BC Mineral and Coal Exploration Survey completed by the Government of British Columbia's Ministry of Energy, Mines and Petroleum Resources, \$82 million was spent on mineral exploration in the Golden Triangle in 2017. Management is optimistic about the Company's future, given the encouraging historical drilling results on the Property which present opportunities to potentially expand the deposit and discover new zones of mineralization.

No extraordinary circumstances have or are expected to affect the Company's operations outside the normal risks inherent in the global economy. Global growth has been slow and steady, which is generally good for commodity prices. However, recent global trade disputes are threatening the global economic outlook with a consequential jump in precious metals prices, a very good sign for an early stage exploration company. Gold has recently been trading at a record high in Canadian dollars, briefly breaking over \$2,000/oz in the week before the report date of this MD&A. Importantly, gold has broken out of its five-year range of US \$1,100 - \$1,350/oz and was trading at US \$1,524/oz at the date of this report.

## **The Rock and Roll Property**

The Property consists of 39 wholly-owned contiguous mineral claims totaling 21,955 Ha in the Liard Mining Division of British Columbia, situated in the lower Iskut River valley in northwestern BC and centered at 50° 43' north latitude and 131° 12' west longitude. The Property is accessed from the AltaGas Hydroelectric Facility road located 25 km up the Iskut River Valley. No roads yet exist on the Property but Seabridge Gold is in the preliminary planning stages for a road that extends to the Bronson Mining Camp, 7 km from the Property. Three of the most recently staked claims were staked in the northwestern extension, located north of the Iskut River, due to their location within the favorable Stuhini Group which hosts the Company's Black Dog deposit. This high, mountainous terrain has seen limited geological work but remains highly prospective due to the rapid glacial retreat of the Hoodoo and Twin Glaciers.

In March 2018 the Company first acquired a 100% interest in 14 contiguous mineral claims comprising 4,723 Ha from the previous owners, Equity Exploration Consultants Ltd. ("Equity"), for \$50,000 cash (paid) and 800,000 common shares of the Company (issued). The Company then staked additional contiguous mineral claims consisting of 3 mineral claims totaling 586 Ha in June 2018, 16 mineral claims totaling 8,917 Ha in March 2019, 2 mineral claims totaling 1,862 Ha in April 2019, 3 mineral claims totaling 5,248 Ha in May 2019 and 1 mineral claim of 620 Ha was staked in July 2019.

The initial 14 claims acquired from Equity are subject to a 2% net smelter return ("NSR") royalty, held by a group of 6 parties. The Company received an option to purchase one-half of the 2% NSR ("NSR Buyout Option") whereby a

future payment of \$2,000,000 would be made to the royalty holders within 30 days of the commencement of commercial production or December 31, 2030, whichever comes earlier. The NSR Buyout Option was granted by the issuance of 300,000 common shares (issued at a fair value of \$75,000) to the group of royalty holders within three days of the listing of the Company's shares for trading on the CSE Exchange.

Costs incurred on the Property are capitalized under Exploration and evaluation assets and increased \$160,065 during the three-month period ended June 30, 2019 with total capitalized costs to date of \$461,854. This includes acquisition costs of \$239,929, made up of initial Property acquisition costs of \$50,000 cash and \$80,000 in shares, staking costs of \$34,929 and another \$75,000 being the value of 300,000 common shares that were issued to the NSR royalty holders.

#### *Exploration – current:*

In April 2019, the Company began its Phase 1 exploration program on the Property, to assess the existing geological setting and confirm trends that may define extensions or fold repetitions of the Black Dog horizon. The Company conducted a biogeochemical orientation survey (the "Survey") to test the effectiveness of bio-geochemical (bark) sampling to identify elevated pathfinder elements in areas with thick overburden where traditional soil sampling is ineffective. Trees are abundant, easy to sample, and provide reproduceable results. A total of 58 bark samples were collected, including duplicates. The distribution of sampling was designed to test known mineralized and barren areas surrounding the Black Dog deposit. The sampling was broken down to 17 samples across the exposed massive sulphide deposit, 19 samples across a projection of the favorable stratigraphy (1.2 km south of the exposed massive sulphide), and 22 samples in a remote area 1.7 km northwest of the exposed massive sulphide.

Biogeochemical surveys are growing in use in BC over the past number of years and have proven to be able to identify overburden-covered mineralization that have led to material discoveries in Canada, Australia, and elsewhere around the globe.

The Survey succeeded in identifying anomalous elements and provided valuable results to prioritize historical geophysical targets for drill testing planned for later in the season. Selected pathfinder elements show a wide range with maximum values 12 to >2000 times detection limits and up to 19 times the average values. This shows a clear and robust difference between anomalous and background values in the sampling. All duplicates yielded results within 0.2 standard deviations of the original value, except for gold, which yielded more erratic duplicates. Very elevated single elements and combined standardized elements clearly identify both the exposed massive sulphide deposit as well as the favorable stratigraphy to the south.

An initial structural analysis was also performed over the sampling area and combined with a review of the historic information by the geological team and technical advisors, a more complex structural history exists than previously thought, leading to potential offsets and fold repetitions of the exposed Black Dog Zone.

On June 4, 2019, a 12-day follow-up biogeochemical sampling program began. The 5-person exploration team collected a total of 429 samples across a 27 km<sup>2</sup> area, covering all projections of favorable stratigraphy. Concurrently, a focused structural mapping program is being run. Both programs will help assist the Etruscus team in prioritizing the geophysical anomalies for drill testing that have been identified from detailed historic data analysis work.

A first pass site visit was made on certain prioritized areas of the recently staked claims contiguous to the original Property. A total of 101 rock samples were collected. These areas include previously recorded mineral occurrences to the northwest of Hoodoo Mountain and west of Crystal Lake Resources' Newmont Lake Project.

#### *Property Geology*

The Property hosts a precious metal-rich volcanogenic massive sulphide ("VMS") deposit that displays similarities to other precious metal-rich deposits such as Eskay Creek, Greens Creek, and other deposits in the Cordillera. VMS deposits are syn-volcanic accumulations of sulphide minerals that occur in geological environments characterized by



submarine volcanic and sedimentary rocks. The VMS deposits are commonly spatially related to syn-volcanic faults, paleotopographic depressions, rhyolite domes, caldera rims and sub-volcanic intrusions, suggesting a genetic link to volcanic processes (Lydon, 1990). Specifically, the Property hosts an Ag-Au-Zn-Cu-Pb deposit which has been partially delineated by 103 historic drill holes totalling 13,155 metres. Mineralization is hosted by graphitic argillite and siltstone representing a basin within a package of volcanic and sedimentary rocks that have been intruded by voluminous mafic to intermediate dykes. The Black Dog Zone fits in with a broad group of submarine, volcanic associated Ag-Au-Zn-Cu massive sulphide deposits.

The Company filed an updated NI 43-101 Technical Report on SEDAR on December 21, 2018. The inferred mineral resource estimate in the Technical Report was prepared by Allan Armitage, an independent Qualified Person as defined by NI 43-101. The reporting of the updated Mineral Resource Estimate complies with all current disclosure requirements for mineral resources set out in the NI 43-101 Standards of Disclosure for Mineral Projects. The classification of the revised mineral resource is consistent with current CIM Definition Standards - For Mineral Resources and Mineral Reserves (2014). Using a cut-off grade of 0.50 g/t AuEq, Armitage estimates that the Rock and Roll deposit contains 2.02 million tonnes of 0.71 g/t Au, 87.1 g/t Ag, 0.23% Cu, 0.23% Pb, and 0.98% Zn for a contained total of 46,000 oz gold, 5,643,000 oz silver, 10.2 million pounds ("Mlb") copper, 10.2 Mlb lead and 43.5 Mlb zinc. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

The Technical Report suggested that exploration on the Property should focus on the discovery of additional massive sulphide resources outside the currently defined resources of the Black Dog Zone. With this aim in mind, the Technical Report outlined a \$2.01 million comprehensive exploration program in two phases. The first phase program would include geological and geochemical surveying along strike from the Black Dog Zone and detailed interpretation of the 2009 airborne geophysical survey. Contingent upon favourable results from Phase I, a follow up Phase II drill program comprising 2,500 metres in 10-12 drill holes is proposed to test both existing and newly developed targets for additional massive sulphide mineralization. This program should be accompanied by baseline environmental studies, initial metallurgical testing and community consultation. The suggested program includes costs for metallurgical testing of samples from the Rock and Roll Deposit for the purpose of upgrading the existing resource estimate to the Indicated Category.

### **Sugar Property**

During the current quarter, the Company staked 10 contiguous mineral claims totaling 4,508 Ha at a cost of \$7,889. The group of claims lie in the Liard Mining Division and are known as the Sugar Property ("Sugar"), located approximately 7 km northwest of the Rock and Roll Property and 25 km southwest of the Galore Creek deposit. The decision to pick up Sugar followed an extensive review and technical analysis of historical data available, including but not limited to, past Assessment Reports and Minfiles.

Past mapping on the property has outlined multiple Texas Creek intrusive units that are commonly associated with important copper and/or gold deposits within the Golden Triangle including Galore Creek, KSM copper-gold deposit and Pretium's Brucejack (Valley of the Kings) gold deposit.

Sugar includes several types of copper and copper/zinc occurrences which are mainly associated with skarns and/or quartz veins/stockworks. A 4 km long mineralized skarn, a nearby, copper-bearing quartz vein stockworks and a prominent gossan have been located on Sugar. No drilling has been done yet on Sugar, but historic rock samples have returned numerous results greater than 1% copper and 5% Zinc. All the available data is being incorporated into a detailed GIS compilation in order to assess the potential and guide further work on the property.

### **Community Relations**

In February 2019, the Company entered into a Communications Agreement with the Tahltan Central Government ("TCG"), the administrative body of the Tahltan Nation, located in northwest British Columbia, whose traditional territory encompasses all the Property. The TCG protects Tahltan Aboriginal rights and title, the ecosystems and natural resources of the Tahltan traditional territory by managing sustainable economic development and supporting the cultural wellness of the Tahltan community. The agreement establishes a solid framework and collaborative

working arrangement between the parties, based on open dialogue, transparent communications and mutual co-operation with regards to the company's exploration activities on the Property. The agreement also offers opportunities for cultural, economic and educational support for Tahltan members. For more information about the TCG, visit [www.tahltan.org](http://www.tahltan.org).

### **QA/QC and Analytical Procedures**

The Company has adopted a rigorous quality assurance and quality control ("QA/QC") program to ensure best practices in sampling both diamond drill core and surface rock chip samples of approximately 1 kg in weight. The Company uses ALS Limited, a global testing, inspection and certification business with facilities and laboratories in dozens of global locations, which is an ISO/IEC 17025:2005 accredited laboratory independent of the Company. In addition to ALS's internal QA/QC program, the Company inserts 10% duplicates into the overall sampling stream.

### **Selected Annual Financial Information**

The following table provides a brief summary of the Company's financial operations since incorporation:

	For the year ended March 31, 2019	For the period from incorporation on July 1, 2017 to March 31, 2018
Total assets	\$ 1,625,640	\$ 521,474
Total liabilities	\$ 56,564	\$ 47,510
Shareholders' equity (deficiency)	\$ 1,569,076	\$ 473,964
<b>Major operating expense items</b>		
Consulting fees	\$ 204,000	\$ 30,000
Professional fees	\$ 78,975	\$ 29,590
Regulatory and transfer agent fees	\$ 29,284	\$ 483
Share-based compensation	\$ 430,585	\$ -
Net loss	\$ (748,085)	\$ (61,036)
Basic and diluted loss per share	\$ (0.04)	\$ (0.02)

#### *Analysis of annual cash flows:*

During the current year ended March 31, 2019, the Company raised a total of \$1,379,500 from private placements, incurred issuance costs of \$888 and rescinded \$41,000 of subscriptions, for a net inflow of \$1,337,612 from private placements. All financings were completed before the Company's shares were listed for trading on January 15, 2019 and were issued at \$0.25 per unit, with each unit consisting of one common share and ½ share purchase warrant exercisable for 2 years at \$0.50 per share. No finder's fees were paid.

The Company spent \$86,839 on the Property, consisting of new claims acquisition fees of \$16,630, \$20,779 for community relations and the balance of \$49,431 on fieldwork and geological consulting. A reclamation deposit of \$20,000 was lodged with the BC Ministry of Mining, which secured an exploration permit valid until 2024. The Company spent \$11,227 on computer and office equipment. Operating cash used was \$326,363 including \$174,000 for consulting fees, \$66,975 on professional fees and \$21,175 on regulatory and transfer agent fees, which together comprise 80% of operating cost disbursements. As a result of all these cash flows, the net cash increased \$893,183 during the year to end the year at \$1,276,494.

In its initial period from incorporation July 1, 2017 to March 31, 2018, the Company raised a total of \$455,000 from private placements. No finders' fees were paid. The Company spent \$50,000 for the cash portion of the Property acquisition and paid \$5,250 to update the Technical Report on the Property. After operating costs of \$21,189, the Company had cash and cash equivalents at March 31, 2018 of \$383,311.

*Analysis of annual operating results:*

For the year ended March 31, 2019, a net loss of \$748,085 was incurred, compared to a loss of \$61,036 for the initial period from incorporation on July 1, 2017 to March 31, 2018. The net loss is comprised of operating costs of \$769,643 (2018 - \$61,096) and interest income of \$21,558 (2018 - \$60). The interest primarily comes from the Company's investment of its cash reserves in a fully redeemable bank GIC. Before share-based compensation of \$430,585 (2018 - \$nil), the operating expenses are \$339,058 (2018 - \$61,096), as detailed in the statements of operations and comprehensive loss. Consulting fees are \$204,000 (2018 - \$30,000) of which \$157,500 or 77% are to management and officers of the company. The CEO works full time for the Company while the CFO, Corporate Secretary, Executive Chairman and V.P. of Exploration all work part time. The other key components of operating expenses are professional fees of \$78,975 (2018 - \$29,590) and regulatory and transfer agent fees of \$29,284 (2018 - \$483), which together with consulting fees comprise 92% (2018 - 98%) of operating costs, not including share-based compensation. Higher professional and regulatory and transfer agent fees in 2019 reflect the efforts and work done to list the Company's shares on the CSE Exchange, including an audit, financial statement and prospectus review engagements, legal fees, and various listing and share issuance fees. The Company has not engaged an investor relations consultant and currently the CEO communicates with investors and shareholders. The Company subleased a small office of 440 sq. ft. on September 1, 2018 for a period expiring in December 2019, at a rate of \$1,546 per month.

Share-based compensation reflects the estimated fair value of stock options granted by the Company pursuant to the Black-Scholes option pricing model. One of the model's inputs is the volatility of the Company's share price. Since the options were granted on or subsequent to the Listing Date, as to 1,500,000 at \$0.25 per share granted on January 15, 2019, 335,000 at \$0.25 per share granted on January 21, 2019, and 50,000 granted at \$0.28 per share on March 15, 2019, all for a five-year period, there was insufficient trading in the newly listed Etruscus shares up to March 31, 2019 to yield a mathematically accurate volatility. Accordingly, management used market comparables by averaging the disclosed volatilities of a group of 11 similar junior exploration companies, to establish Etruscus' initial volatility at 150%.

The following parameters were used for determination of fair value of the option grants described above:

---

Risk-free interest rate	1.61% – 1.93%
Expected life	2.5 years
Annualized volatility	150%
Forfeiture rate	0%
Dividends	0%

---

In its initial period from incorporation July 1, 2017 to March 31, 2018, the Company incurred a net loss of \$61,036, consisting mainly of consulting fees of \$30,000 and professional fees of \$29,590. The Company began operations in the second half of 2017 with a seed capital private placement raising \$15,000. Then, during the quarter ended March 31, 2018 (which is the Company's final quarter of the fiscal year, or "Q4 2018"), the Company raised \$440,000 which allowed it to acquire a property of merit and initiate the process of going public. All the officers were also appointed in Q4 2018. Consequently, all material expenses of the Company in its initial fiscal year occurred during the final quarter, consisting of legal and audit expenses and consulting fees mostly paid to related parties.

## **Selected Quarterly Financial Information**

	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended September 30, 2018
Total assets	\$1,522,049	\$1,625,640	\$1,642,170	\$1,652,999
Total liabilities	24,173	56,564	63,926	20,125
Shareholders' equity	1,497,876	1,569,076	1,578,244	1,632,874
Consulting fees	62,000	54,000	45,000	45,000
Professional fees	-	12,363	31,028	15,179
Share-based compensation	-	430,585	-	-
Regulatory and transfer agent	2,251	10,797	10,752	-
Net income (loss)	(71,200)	(514,753)	(88,630)	(56,692)
Earnings (loss) per share- basic and diluted	(0.00)	(0.03)	(0.00)	(0.00)

	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017
Total assets	\$1,702,252	\$ 521,474	\$ 14,910	\$ 7,409
Total liabilities	12,686	47,510	1,071	-
Shareholders' equity	1,689,566	473,964	13,854	7,409
Consulting fees	60,000	30,000	-	-
Professional fees	20,405	29,590	-	-
Regulatory and transfer agent	7,735	100	383	-
Share-based compensation	-	-	-	-
Net income (loss)	(88,010)	(59,890)	(1,055)	(91)
Earnings (loss) per share- basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)

## **Results of Quarterly Operations**

In the following discussion of the results of operations, the quarterly periods are referenced as follows:

Three-month period ended June 30, 2019: Q1 2020

Three-month period ended March 31, 2019: Q4 2019

Three-month period ended December 31, 2018: Q3 2019

Three-month period ended June 30, 2018: Q1 2019

*Three months ended June 30, 2019 compared to three months ended June 30, 2018:*

The Company had a net loss of \$71,200 (Q1 2019 - \$88,010) in the quarter. The net loss is composed of operating expenses of \$77,780 (Q1 2019 - \$89,526) and interest income of \$6,580 (Q1 2019 - \$1,516). Consulting fees were \$62,000 (Q1 2019 - \$60,000) and professional fees were \$nil (Q1 2019 - \$20,405), which together represent 87% (Q1 2019 - 91%) of the net loss. Other expenses include advertising, marketing and promotion, depreciation, office and general, regulatory and transfer agent fees and rent, which all together total \$15,780 (Q1 2019 - \$9,121) or 20% (Q1 2019 - 10%) of total operating expenses. The increase in operating expenses reflects the Company's costs associated with having a physical office, which was established in Q2 2019, such as insurance, rent and general supplies. Professional fees incurred in Q1 2019 were 100% attributable to the pre-public non-offering prospectus that was being prepared during the comparative period.

The Company spent cash of \$278,448 (Q1 2019 - \$131,581) during the current quarter and had net inflows from private placements of \$nil (Q1 2019 - \$1,303,612). Cash was expended on property acquisition and exploration totalling \$157,754 (Q1 2019 - \$3,775), and for operating costs of \$119,634 (Q1 2019 - \$124,435) and the purchase of equipment of \$1,060 (Q1 2019 - \$nil). The Company's comparative period gross inflow was \$1,304,500 from private placements completed in May and June 2018, at a price of \$0.25 per unit, as described in this MD&A under 'Disclosure of Outstanding Security Data'.

*Three months ended June 30, 2019 compared to three months ended March 31, 2019:*

The Company had net losses in the current period of \$71,200 and \$514,753 in the prior period, which had a much larger loss because it included \$430,585 of share-based compensation, calculated at fair value pursuant to the Black-Scholes pricing model, relating to the grant of stock options subsequent to the Company's public listing in that period. Operating costs, not including share-based compensation, were \$77,780 and \$90,144 in the current and prior periods respectively, composed mainly of consulting fees of \$62,000 (Q4 2019 - \$54,000), profession fees of \$nil (Q4 2019 - \$12,363) and trustee and transfer agent fees of \$2,251 (Q4 2019 - \$10,797), which together make up 83% (Q4 2019 - 86%) of all operating expenses. Professional fees and trustee and transfer agent fees were higher in Q4 2019 due to the accrual of annual audit fees and the various fees associated with the public listing in that period. The remaining operating costs were mostly administrative in nature, being office expenses, amortization, rent and advertising marketing and promotion which all together were \$13,529 (Q4 2019 - \$12,984).

Share-based compensation reflects the fair value of options granted, pursuant to the Black-Scholes option pricing model. At the Listing date, the Company granted 1,500,000 stock options exercisable at \$0.25 per share for a 5-year period. Two smaller option grants of 335,000 options exercisable at \$0.25 per share and 50,000 options exercisable at \$0.28 per share rounded out the total share-based compensation for the period totaling \$430,585. The option grants are further discussed in this MD&A under "Disclosure of Outstanding Security Data".

The Company expects its ongoing operating costs to be in a range of \$60,000-\$75,000 per quarter, through calendar 2019. This estimate is 10-20% lower than the actual average operating costs (excluding share-based compensation) of \$84,962 incurred over the past two quarters which included certain non-recurring costs related to the process of going public, such as prospectus review fees and listing fees.

### **Change of auditor**

In late April 2019, the Company changed its auditors from Davidson & Company LLP (the "Former Auditor") to Manning Elliott LLP (the "Successor Auditor"). There were no reservations in the Former Auditor's audit report for the most recent audited financial statement at the time, which was for the initial fiscal period from incorporation on July 1, 2017 to March 31, 2018. In accordance with NI 51-102 - Continuous Disclosure Obligations, the Company filed a Change of Auditor Notice (the "Notice") on SEDAR together with letters from both the Former Auditor and Successor Auditor, with each letter confirming agreement with the statements contained in the Notice, as applicable. There were no reportable events as defined in NI 51-102 between the Former Auditor and the Company. The board of directors had decided to change auditors and removed the Former Auditor, appointing the Successor Auditor as the Company's auditor, until the next Annual General Meeting of the Company.

## **Liquidity and capital management**

The Company has no commercial operations or source of revenue, no long-term debt, and no externally imposed capital requirements other than those specified under continuous listing requirements. The Company's capital is, at this time, its issued share capital. The capital for operations and property exploration has and is expected to come from the issuance of common shares or units for the foreseeable future. The Company's objectives when managing its capital are to fund critical exploration work, meet its on-going liabilities, continue as a going concern, maintain creditworthiness by maintaining capital balances over the periods to alleviate unexpected cash flow shortfalls, and to ultimately maximize returns for shareholders over the long term. Private placement financings cause dilution to shareholders, but the relative dilution declines as the share issuance price rises. The Company endeavours to continue raising private placement funds at successively higher share prices.

Meeting capital management objectives, as a non-revenue early stage explorer, demands that the Company consider its company's internal, exploration and financing risks at any particular time, as its weighs different courses of action.

The Company's working capital as at the date of this report is \$922,000 as follows:

<b>Analysis of current working capital</b>	<b>(000's)</b>
Cash and cash equivalents	\$ 914
Receivables	25
Retainers, deposits and prepaid expenses	2
Accounts payable and accrued liabilities	(19)
Due to related parties	-
Total net working capital	\$ 922

The Company is working on Phase 2 of its exploration program and is expected to begin a Phase 3 drilling program later this summer. The Company has sufficient funds for these programs, and for its working capital needs over the ensuing year. Additional financing may be sought if and when the markets offer such opportunities, but fundraising may also be triggered by the scope of drilling to be undertaken.

## **Disclosure of Outstanding Security Data**

The total number of common shares outstanding as of the date of this report is 19,394,001 shares, with 23,976,001 fully diluted shares outstanding. On the Listing date, 1,000,001 shares were released from escrow and a further 1,500,000 were released on July 15, 2019. The release period for the 10,000,001 originally escrowed shares is three years from the Listing Date, and 7,500,000 shares currently remain in escrow.

*Share transactions during the period ended June 30, 2019:*

There were no equity transactions during the current period ended June 30, 2019 nor during the subsequent period to the date of this report.

*Share transactions during the year ended March 31, 2019:*

On May 10, 2018, a two-tranche private placement was completed for total proceeds of \$1,304,500 under which 5,218,000 units were issued at a price of \$0.25 per unit. The first tranche of 4,098,000 units closed on April 30, 2018, and the second tranche of 1,120,000 units closed on May 10, 2018. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant may be exercised to acquire one common share at \$0.50 per share for a two-year period. In total, there were 2,609,000 share purchase warrants issued under this

private placement, for which no value was attributed under the residual value method. Issuance costs of \$888 were incurred in connection with the private placement.

In December 2018, certain share subscriptions were rescinded, with the return of funds paid and the return and cancellation of the shares issued. Specifically, on December 12, 2018, the Company rescinded 100,000 common shares initially subscribed at \$0.10 per common share, and 124,000 units initially subscribed at \$0.25 per unit, for a total rescission of 224,000 common shares and 62,000 warrants, for \$41,000.

On December 19, 2018, the Company completed a private placement of 300,000 units at \$0.25 per unit for proceeds of \$75,000. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant may be exercised to acquire one common share at \$0.50 per share for a two-year period. There were no issuance costs associated with this private placement, and no value was attributed to the warrants under the residual value method. The net effect of the December 2018 rescissions and private placement was an increase in cash of \$34,000, an increase in total issued shares of 76,000, and an increase in warrants of 88,000.

*Warrants:*

There are 2,697,000 total warrants outstanding as of the date of this report, unchanged from June 30, 2019. All warrants are exercisable at \$0.50 per share for a two-year period. As at the date of this MD&A, the following warrants are outstanding:

Expiry Date	Number of Warrants	Exercise Price (\$)
April 30, 2020	1,997,000	0.50
May 10, 2020	550,000	0.50
December 19, 2020	150,000	0.50
<b>Total outstanding warrants</b>	<b>2,697,000</b>	

*Stock options:*

At the date of this report, there are 1,885,000 stock options outstanding and exercisable, unchanged from June 30, 2019 as follows:

On January 15, 2019, the Company granted 1,500,000 stock options to directors, officers and consultants, exercisable at \$0.25 per share for a period of 5 years. The options vested upon grant. Share-based compensation of \$341,555 was recorded, pursuant to the Black-Scholes pricing model.

On January 21, 2019, the Company granted a total of 335,000 stock options to an officer and two consultants, exercisable at \$0.25 per share for a period of 5 years. The options vested upon grant. Share-based compensation of \$76,288 was recorded, pursuant to the Black-Scholes pricing model.

On March 15, 2019, the Company granted 50,000 stock options to a consultant at a price of \$0.28 per share, for a period of 5 years. The options vested upon grant. Share-based compensation of \$12,742 was recorded, pursuant to the Black-Scholes pricing model.

As at the date of this MD&A, the following stock options are outstanding and exercisable:

<u>Expiry Date</u>	<u>Number of Options</u>	<u>Exercise Price (\$)</u>
January 15, 2024	1,500,000	0.25
January 21, 2024	335,000	0.25
March 15, 2024	50,000	0.28
<u>Total outstanding options</u>	<u>1,885,000</u>	

### **Directors, Officers and Management**

The directors of the Company are Gordon Lam, Fiore Aliperti, Michael Sikich and Jason Leikam. The officers are Gordon Lam (CEO), Fiore Aliperti (Executive Chairman), Jon Lever (CFO), Dave Webb (Vice-President of Exploration) and Sameen Oates (Corporate Secretary). Those positions, excluding the CEO, are part-time in nature. All the contracts began in Q4 2018 except the geologist and Vice-President of Exploration who were hired in Q4 2019, the latter being detailed below.

On January 29, 2019, the Company appointed Dr. David Webb, P. Geo., P. Eng., as its Vice-President of Exploration. Mr. Webb is a Registered Professional Geologist and Registered Professional Engineer with over 30 years of experience in mineral exploration, development and production in Canada and internationally. He holds a B.A.Sc. in engineering from the University of Toronto, a M.Sc. in Geological Sciences from Queen's University and a Ph.D. in Geological Sciences from the University of Western Ontario. During his tenures as president of both public and private companies, he guided projects from pre-discovery through to production. He is credited with several discoveries that have advanced through feasibility and into production. Companies under Dr. Webb's management have raised over \$70 million in development funds. As a consultant, he co-authored a qualifying report recommending the acquisition of an exploration property which has now been developed into Fortune Mineral's Nico Project, NWT, gold, cobalt IOCG deposit hosting the world's largest reserves of bismuth, recently permitted. Dave has worked with associations and training organizations to support industry-specific training in BC.

The Company also appointed Lindsay Bottomer and David Dupre as the initial two members of its advisory board on January 29, 2019 and Murray Jones as its third member on March 15, 2019, as follows:

#### *Lindsay Bottomer:*

Advisory Board member Mr. Bottomer is a professional geologist with over 45 years of experience in global mineral exploration and development, including the Snip, Eskay Creek, Blackwater and Goldstream projects in BC, the Oyu Tolgoi copper-gold project in Mongolia and the Ann Mason copper project in Nevada. He has served as an officer and/or director for over 20 publicly listed exploration companies, including Richfield Resources, until it was taken over by New Gold, and most recently, as VP of Business Development for Entrée Gold. Mr. Bottomer holds a B.Sc. (Hons) in geology from the University of Queensland and a Master of Applied Science from McGill University. He is a Past President of the BC & Yukon Chamber of Mines (now AMEBC) and also served for six years as an elected councilor on the board of the Association of Professional Engineers and Geoscientists of BC (now EGBC).

#### *David Dupre:*

Advisory Board member Mr. Dupre is a professional geologist with over 45 years of experience in mineral and petroleum exploration, major project management and corporate administration of public companies. Mr. Dupre has worked and collaborated with both major and junior mining companies in projects spanning North and South America, Europe, Africa and Asia. Mr. Dupre brings a disciplined scientific approach to mineral exploration using his excellent



managerial skills. Since 1988, he has concentrated his efforts in the "Golden Triangle" area of Northwestern British Columbia. While President of Firesteel Resources, he acquired the ROK Property (adjacent to the Red-Chris Mine) and the Copper Creek property in the very active Sheslay Camp. He was intimately involved in the discovery of the Eskay Creek mine as project manager while at Keewatin Engineering – a major Mining Consultancy that he co-founded.

*Murray Jones:*

Mr. Jones is an exploration geologist with over 35 years of exploration experience primarily in the Canadian Cordillera and Canadian Shield. He has worked for the last 22 years as a senior project geologist for Equity Exploration Consultants Ltd., for numerous exploration and mining company clients and on a wide range of deposit types. Mr. Jones has executed large exploration projects in the Iskut River area, including the Rock and Roll Property. Prior to Equity, he worked for Westmin Resources Limited gaining broad experience in volcanogenic massive sulphide deposits in British Columbia and the Yukon. He has also worked for Newmont Mining (Canada) Ltd., Esso Minerals Ltd., and Dupont of Canada Exploration Ltd.

**Transactions with Related Parties**

The following related parties for the periods presented include directors and key management personnel, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

- f) Hatch 8 Consulting is a company controlled by the current Chief Executive Officer and director of the Company, and provides consulting services to the Company;
- g) Lever Capital Corp. is a company controlled by the Chief Financial Officer and provides consulting services to the Company;
- h) The Company's Corporate Secretary provides general administrative services, bookkeeping and corporate secretarial services to the Company;
- i) Avanti Consulting Inc. is a company controlled by a director who acts as Chairman of the Board, and provides consulting services to the Company; and
- j) DRW Geological Consultants Ltd. is a company controlled by the Company's Vice-President of Exploration and which provides the Company with geological consulting services, the amounts of which are capitalized under exploration and evaluation assets.

The aggregate value of fee-based transactions and outstanding balances relating to the above noted related parties are as follows:

		<b>Transactions for the period ended June 30, 2019</b>	Transactions for the year ended March 31, 2019	<b>Balance payable as at June 30, 2019</b>	Balance payable as at March 31, 2019
Hatch 8 Consulting	(a)	<b>\$22,500</b>	<b>\$67,500</b>	<b>\$ -</b>	<b>\$7,875</b>
Lever Capital Corp.	(b)	<b>7,500</b>	<b>30,000</b>	<b>-</b>	<b>7,875</b>
Sameen Oates	(c)	<b>7,500</b>	<b>30,000</b>	<b>-</b>	<b>7,875</b>
Avanti Consulting Inc.	(d)	<b>7,500</b>	<b>30,000</b>	<b>-</b>	<b>7,875</b>
DRW Geological Consultants Ltd.	(e)	<b>12,000</b>	<b>8,000</b>	<b>4,200</b>	<b>4,200</b>
<b>Total</b>		<b>\$ 57,000</b>	<b>\$ 165,500</b>	<b>\$ 4,200</b>	<b>\$ 35,700</b>

### Other related party transactions

Included in the stock options granted on January 15 and January 21, 2019 are 1,200,000 directors' and officers' stock options exercisable at \$0.25 per share until January 15, 2024 and 200,000 officer's options exercisable at \$0.25 per share until January 21, 2024, respectively.

In May and June 2019, exploration costs of \$75,998 incurred on the Property were paid on behalf of the Company by Metallis Resources Inc. ("MTS"), a public company related by two common directors and a common CFO. All amounts were fully repaid to MTS by the Company during the period ended June 30, 2019. The Company utilized MTS's contractual relationships and exploration subcontractors to execute an early-season field program on the Property. There were no transactions with MTS during the year ended March 31, 2019.

There were no other related party transactions during the period ended June 30, 2019.

### **Off Balance Sheet Arrangements**

The Company entered into an office lease agreement in July 2018 which expires in December 2019 and does not contain a renewal option. The Company has no other asset or equipment leases or other off-balance-sheet arrangements. Accordingly, as at June 30, 2019 the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the results of operations or financial condition of the Company.

### **Risk Factors**

The common shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in this MD&A and in the Company financial statements, the risk factors described below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Company's common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

### **No Production History**

The Company is a mineral exploration company. There are no known commercial quantities of mineral reserves on any of its resource properties. There is no assurance that the Company will ever discover any economic quantities of mineral reserves.

### **Limited Operating History**

The Company has no history of earnings or revenue and may not achieve commercialization of its resource properties.

### **Negative Operating Cash Flow**

Since inception, the Company has had negative operating cash flow and has incurred losses since its incorporation. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on exploration of the properties and on administrative costs. The Company cannot predict when or if it will reach positive operating cash flow.

### **Possible Trading Suspension or Delisting**

The CSE may suspend from trading or delist the securities of the Company where the Company has failed to submit documents to the CSE in the time periods required or has otherwise failed to meet minimum standards. Suspension from trading of the common shares may, and delisting of the common shares will, result in the regulatory securities authorities issuing a consolidated interim cease trade order against the Company. In addition, delisting of the common shares will result in the cancellation of all the currently issued and outstanding common shares of the Company held by Insiders. Trading in the common shares of the Company may be halted at other times for other reasons also.

### **Requirement for Further Financing**

The Company has limited financial resources and may need to raise additional funds to carry out continued exploration of its properties. There is no assurance the Company will be able to raise additional funds or will be able to raise additional funds on terms acceptable to it. If the Company's exploration programs are successful and favorable exploration results are obtained, properties may be developed into commercial production. The Company would require additional funds to place the properties into production. The only sources of future funds presently available to the Company are from the issuance of equity capital, debt, or offering of interests in its resource properties to be earned by another party or parties by carrying out exploration or development work. If funds are available, there is no assurance that such funds will be sufficient to bring any resource property to commercial production. Failure to obtain additional financing on a timely basis could have a material adverse effect on the Company and could cause it to forfeit its interest in its properties and reduce or terminate its operations. The Company currently has funds to carry out the initial Phase I of exploration as recommended in the Technical Report, but should the Company decide to carry out and complete recommended Phase II drilling, additional funds may be required. There is no assurance the Company will be able to raise such additional funds.

### **Dilution**

If the Company issues treasury shares to finance acquisition or participation opportunities, or to raise exploration funds and working capital, shareholders would suffer dilution of their investment and/or control of the Company could change.

### **Escrowed Shares**

The possible sale of common shares released from escrow on each release date could negatively affect the market price of the Company's common shares and result in an excess of sellers of common shares to buyers of common shares and seriously affect the liquidity of the common shares.

### **Development**

The business of exploration for precious metals involves a high degree of risk. Few exploration properties are ultimately developed into producing properties. The Company's properties are in the exploration stage.

### **Title to Properties**

Acquisition of title to 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 its title to its properties for which it holds an option to acquire concessions, royalties or other mineral leases or licenses and the Company is satisfied with its review of the title to its properties, the Company cannot give an assurance that such title will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. The Company does not carry title insurance on its properties. A successful claim that the Company does not have title could cause the Company to lose its rights to its properties, perhaps without compensation for its prior expenditures on its properties.

Resource properties may now or in the future be the subject of indigenous land claims. The legal nature of indigenous land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in its properties cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of indigenous rights in the area in which the properties are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities.

### **Surface Rights**

The Company does not own the surface rights to its properties. The Company understands that it is necessary, as a practical matter, to negotiate surface access, and the Company is continuing to do so. However, there is a risk that local communities or affected groups may take actions to delay, impede or otherwise terminate the contemplated activities of the Company. There can be no guarantee that the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out significant exploration and development activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, which assistance may not be provided or, if provided, may not be effective. If the development of a mine on a resource property becomes justifiable it will be necessary to acquire surface rights for mining, plant, tailings and mine waste disposal. There can be no assurance that the Company will be successful in acquiring any such rights.

### **Management**

The success of the Company is largely dependent upon the performance of its management. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the service of its management or other qualified personnel required to operate its business. All the directors and officers of the Company may not be devoting 100% of their time to the affairs of the Company but do and will devote such time as required to effectively manage the Company.

### **Requirement for Permits and Licenses**

The Company will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the exploration activities which it is currently planning in respect of its properties, and the Company believes it will comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operational circumstances. A substantial number of additional permits and licenses will be required should the Company proceed beyond exploration. There can be no guarantee that the Company will be able to obtain such licenses and permits, although it does have a valid BC Mines Act exploration permit, expiring March 31, 2024, for the initial group of 14 Rock and Roll Property claims acquired from Equity in March 2018 and the first 3 claims staked in June 2018.

### **Community Relations**

Public scrutiny of mining projects has brought corporate social responsibilities into strategic planning. Garnering community and public support for continued exploration, future mine development and construction includes public engagement and involvement of key community stakeholders throughout the exploration and development process. The Company's resource properties lie within the traditional territory of the Tahltan Nation, a key stakeholder. Key areas of concern include the sharing or transfer of economic benefits and environmental stewardship. The lack of a social license to operate could impair the value of the Company's resource properties or delay or prevent exploration, development or construction activities.

### **Environmental Risks and other Regulatory Requirements**

The current or future operations of the Company, including the exploration activities and commencement of production on any resource property, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site

safety and other matters. There can be no assurance that all permits which the Company may require for its facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulations would not have a material adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, or more stringent enforcement thereof, could have a material adverse impact on the Company and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new properties.

### **Uninsurable Risks**

Exploration of mineral properties involves numerous risks, including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently maintain insurance against environmental risks.

### **Economic Conditions**

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

### **Conflicts of Interest**

Directors of the Company may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the *Business Corporations Act* (British Columbia) and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

### **Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. The Company does not know of any such pending or actual material legal proceedings as of the date of this MD&A.

### **No Cash Dividends**

The Company has not declared any cash dividends to date, has no current earnings, and therefore the Company does not anticipate declaring any cash dividends for the foreseeable future.

### **Ore Reserves and Reserve Estimates**

The Company's business relies upon the ability to determine whether a given resource property has commercial quantities of recoverable minerals. No assurance can be given that any discovered mineral reserves and resources will

be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

### **Critical judgements and estimates**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value which are included in the statement of financial position;
- b) The Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, but these procedures do not guarantee the Company's title. Properties may be subject to prior agreements or transfers and title may be affected by undetected defects;
- c) Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made;
- d) The inputs used in accounting for share-based compensation expense in the statement of operations and comprehensive loss, including share price volatility and risk-free interest rates;
- e) The significant judgements, estimates and assumptions made by management as they relate to IFRS 16 - Leases, primarily include evaluating the appropriate discount rate to use to discount the lease liability, the determination of the lease term when the lease contains an extension option, and assessing if the Company is reasonably certain that it would exercise an extension option. Significant judgements, estimates and assumptions regarding these factors affect the present value of the lease liabilities recognized, as well as the associated value of the right-of-use assets; and
- f) The assumption that the Company is a going concern and will continue in operating for the foreseeable future and at least one year is a judgment.

## **New accounting policies adopted in the current fiscal year**

### IFRS 16 – Leases:

#### *Introduction*

This new standard on leases supersedes IAS 17, *Leases*, and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for fiscal years beginning on or after January 1, 2019 and was adopted by the Company as at April 1, 2019. Its purpose is to report information that faithfully represents lease transactions and provides financial statement users with a base to assess the amount, timing, and uncertainties of cash flows arising from leases. The main effect of IFRS 16 is the introduction of a single lessee accounting model requiring a lessee to recognize on its balance sheet any lease liabilities and leased assets, called right-of-use (“ROU”) assets, for almost all leases, effectively eliminating the off-balance sheet treatment of many leases that were historically classified as operating leases.

#### *Rules and methodology*

A lease liability is recognized upon adoption as the present value of the net remaining lease payments, discounted at an interest rate otherwise required if the asset was acquired through a financing arrangement, using the effective interest method. Lease expenses which used to be recorded as operating expenses will now be accounted for as interest expense, depreciation, and operating expenses. Lease liabilities are subsequently reduced by the lease payments made and increased by the interest cost on the liability. Depreciation is typically recorded on the ROU asset on a straight-line basis over the lease term.

At inception, the Company assesses whether a contract is or contains a lease. The assessment involves the exercise of judgment about whether the lease depends on a specified asset, whether the Company obtains substantially all the economic benefits for the use of that asset during the lease term, and whether the Company has the right to direct the use of the asset. If the lease contains an extension option that the Company considers reasonably certain to be exercised, the term of lease for the purpose of adopting IFRS 16 becomes the base lease plus the renewal option, including any associated costs. If the lease includes a purchase option, the cost of the purchase is included in the calculation of lease payments. Lease payments may include fixed and variable components, and only non-index-linked variable payments are excluded from IFRS 16, and such variable payments would be accounted for on an expense-as-incurred basis.

Once the leases and their costs and terms are identified, the Company recognizes an ROU asset and a lease liability at the commencement of the lease. ROU assets are included in Property and equipment, and the lease liability is included in current and non-current lease liability. The ROU assets are initially measured based on the present value of the lease payments not yet made at the date of adoption, plus initial direct costs and obligations to refurbish the asset, less any incentives received. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU assets are subject to testing for impairment if there is an indicator for impairment. Lease payments generally include fixed payments and variable payments that are linked to an index.

#### *Impact of IFRS 16 on Etruscus*

The Company signed an office sublease agreement effective September 1, 2018 at a rate of \$1,546 per month expiring in December 2019. The Company has no other material equipment or service leases. The adoption of IFRS 16 on April 1, 2019 applies to the office sublease and when applying IFRS 16 for the first time, the Company considered the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with similar characteristics;
- accounting for operating leases than have remaining terms of less than 12 months as at April 1, 2019;
- the exclusion of low-value leases;

- the use of hindsight to determine lease terms where contractual rights exist to extend or terminate; and
- the exclusion of initial direct costs in the measurement of ROU assets at the date of adoption.

Accordingly, the Company has elected not to recognize the sublease ROU assets and liabilities as the total remaining lease term is less than 12 months. The Company has also elected, for certain low-value assets, to treat them as operating leases and to expense as incurred. The payments for such short-term and low-value leases are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term, within operating costs. Therefore, the impact of the adoption of IFRS 16 on the financial statements of the Company is negligible.

At the date of this report, being during the period ended September 30, 2019 (Q2 2020), the Company was arranging a sublease in new premises for a three-year period at a monthly fixed lease payment of \$1,688. This new sublease will be accounted for under IFRS 16 and it is expected that ROU assets and lease liabilities will be recognized in respect of the sublease.

## **Financial Risks**

The Company's financial risk exposures and their impact on the Company's financial instruments are summarized below:

### **Credit Risk**

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents and receivables. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables generally consist of recoverable Canadian sales taxes, accrued interest and/or Canadian mineral exploration tax credits, and management believes the collectability of these amounts to be assured.

### **Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company has cash and cash equivalents of \$998,046 (March 31, 2019 - \$1,276,494) to settle total liabilities of \$24,173 (March 31, 2019 - \$56,564). The liabilities are all current in nature and accordingly, a sensitivity analysis of the contractual maturities of the Company's financial assets and liabilities is not presented. The Company believes it has sufficient liquidity for its 2019 working capital requirements and remaining 2019 summer exploration programs.

The Company has historically relied on equity and debt financings to satisfy its capital requirements and will continue to depend upon equity capital and debt as required and may also enter into earn-in arrangements or the sale of certain property interests. There can be no assurance the Company will be able to obtain its future financings on acceptable terms. The ability of the Company to continue on this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs, and the scope of such programs.

### **Interest rate risk**

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has no long-term debt, has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations, and current interest rates remain historically low.



### Market risk

The Company is subject to limited market risk as the price of its short-term money market investments fluctuates due to market forces. However, the Company has no control over these fluctuations, does not hedge its investments and the fluctuations are limited in scope and volatility.

### Foreign currency risk

The Company's functional currency is the Canadian dollar and an immaterial amount of transactions are based on other currencies. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

### **Corporate Governance**

The Company's Board of Directors and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to the shareholders. The current Board of four individuals is comprised of two independent members and two executive officers. The audit committee consists of three members comprised of two independent directors and the chief executive officer.