# DeepRock Minerals Inc.

Management's Discussion and Analysis

For the six months ended May 31, 2019

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

## Introduction

This Management's Discussion & Analysis ("MD&A") was prepared as of July 30, 2019 to assist readers in understanding DeepRock Minerals Inc. (the "Company", "DeepRock", "we", or "us") financial performance for the six months ended May 31, 2019. This MD&A should be read together with the unaudited condensed interim financial statements for the six months ended May 31, 2019 and the related notes contained therein (the "Financial Statements") and the audited financial statements for the year ended November 30, 2018 and related notes. Results are reported in Canadian dollars, unless otherwise noted. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Further information about the Company can be obtained from www.sedar.com.

## Cautionary Note Regarding Forward-Looking Information

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A including statements relating to the potential mineralization or geological merits of the Company's mineral properties and the future plans, objectives or expectations of the Company are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include among other things, statements regarding future commodity pricing, estimation of mineral reserves and resources, timing and amounts of estimated exploration expenditures and capital expenditures, costs and timing of the exploration and development of new deposits, success of exploration activities, permitting time lines, future currency exchange rates, requirements for additional capital, government regulation of mining operations, environmental risks, anticipated reclamation expenses, timing and possible outcome of pending litigation, timing and expected completion of property acquisitions or dispositions, and title disputes. They may also include statements with respect to the Company's mineral discoveries, plans, out-look and business strategy. The words "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "intend", "estimate", "plan", "forecast", "project" and "believe" or other similar words and phrases are intended to identify forward-looking information.

Forward-looking statements are predictions based upon current expectations and involve known and unknown risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

## Our Business

The Company was incorporated on December 1, 2014 under the laws of British Columbia as a wholly-owned subsidiary of a reporting issuer, Go Green Capital Corp. ("Go Green"). During 2015, Go Green obtained final court approval to complete a plan of arrangement (the "Arrangement") pursuant to Division 5 of Part 9 of the Business Corporation Act (British Columbia) with its wholly-owned subsidiary the Company. Under the Arrangement, the Company was to acquire $25,500 and all of Go Green's interest in a letter of intent to acquire a company from Euroex in exchange for common shares (the "the Company Shares") of the Company, which the Company Shares were distributed to Go Green shareholders pursuant to the Arrangement. On closing of the Arrangement, each Go Green shareholder, as of the share distribution record date received one new common share in the capital of Go Green (the "New Go Green Shares") and its *pro-rata* share of the Company Shares as distributed under the Arrangement for each Go Green common share (the "Old Go Green Shares") held by such person at the share distribution record date (determined to be as of April 2, 2015).

On May 5, 2015, the Company acquired the Euroex LOI and a note receivable in the amount of $25,500 from Go Green as part of the Arrangement. The Company had not commenced any commercial operations other than acquiring the Euroex LOI from Go Green. The Company issued 2,501,834 (1,250,917 pre-split) common shares in exchange for the note receivable of $25,500 and the Euroex LOI from Go Green. Such shares were re-distributed to shareholders of Go Green as of record date of April 2, 2015 on May 5, 2015. On completion of the Arrangement, the Company became a reporting issuer in the province of British Columbia and Alberta.

Effective March 6, 2017, the Company terminated its Euroex LOI and entered into an option agreement with Megastar and changed its name from 1020647 BC Ltd. to Deeprock Minerals Inc. The head office and principal office of the Company is located at Suite 500 – 666 Burrard Street, Vancovuer BC V6C 3P6.

On April 5, 2017 and amended on March 15, 2018 and June 30, 2018, the Company entered into an option agreement with Megastar Development Corp. ("Megastar"), whereby Megastar granted the Company the right to acquire a 50% interest in and to the Ralleau Property located in the Quevillon area of Quebec. In order to acquire the 50% interest in the Ralleau Property the Company shall pay $100,000 in cash, issue 1,700,000 common shares of the Company and incur $250,000 in eligible exploration work as follows:

(a) Cash payment of $100,000 and issuance of 1,700,000 common shares as follows:

- (i) $5,000 on or before the execution of this agreement (paid);
- (ii) $5,000 and 600,000 common shares on the earlier of the exchange listing date or August 31, 2018(paid and issued in Jan 2019);
- (iii) $5,000 (paid) and 200,000 common shares (issued) on or before the first anniversary date of this agreement, April 5, 2018;
- (iv) $10,000 (paid) and 400,000 common shares (issued) on or before the second anniversary date of this agreement, April 5, 2019;
- (v) $75,000 and 500,000 common shares on or before the third anniversary date of this agreement, April 5, 2020.

(b) Exploration expenditures of $250,000 on the Property as follows:

- (i) $40,000 on or before May 30, 2017 (incurred);
- (ii) $15,000 on or before July 31, 2017 (incurred);
- (iii) $25,000 on or before October 31, 2018 (incurred);
- (iv) $50,000 on or before the second anniversary date of this agreement, April 5, 2019 (incurred);
- (v) $120,000 on or before the third anniversary date of this agreement, April 5, 2020. (subsequently incurred)

If the exploration expenditures incurred are less than the amount of the exploration expenditures required to be incurred in any period, the Company may at its option pay the deficiency to Megastar within sixty days after the end of such period in order to maintain the Option in good standing.

As at May 31, 2019, the Company has accumulated $176,909 in exploration expenditures on its mineral property located in the Quevillon area of Quebec. The exploration expenditures incurred to this date are in connection with the surveying and sampling of the property, preparation of the 43-101 report, maintenance payments and drilling.

On March 23, 2018, the Company filed its initial public offering ("IPO") of its shares and intends to list on the Canadian Securities Exchange ("CSE"). On August 22, 2018 the Company filed its final prospectus with the securities and on November 14, 2018, the Company completed its IPO and on November 16, 2018, commenced trading on the CSE under the trading symbol DEEP.

**Ralleau Project**

The Ralleau VMS/lode gold project is strategically located in the west-central part of Quebec. It is readily accessible through Lebel-sur-Quevillon located approximately 620 kilometres north-northwest of Montreal and 160 km northeast from the mining centre of Val d'Or along the provincial highway system.

From the regional centre of Lebel-sur-Quevillon, the Ralleau VMS project is situated just 67 km east-northeast along a network of well-kept forestry roads.

The Ralleau VMS project currently consists of 59 key claim cells totalling 3,323.85 hectares (33.24 square kilometres), covering an assemblage of contiguous Quebec mineral claims ideally situated in Ralleau and Wilson townships on the National Topographic System 32F01 (Lac de la Ligne).

The Ralleau VMS project is located within the very active Urban-Barry belt, in the central-east portion of the north volcanic zone of the Archean Abitibi greenstone belt. The highly mineralized Urban-Barry belt extends over 135 km in length and ranges from four km to 20 km across. The UBB is bordered in the north by the Mountain and Father plutons, and in the south by the Wilson and Souart plutons that range from granodioritic to tonalitic in composition. Deeprock's Ralleau VMS project is located within the Urban formation in the western part of the UBB.

The Urban formation comprise mafic to intermediate volcanic rocks and felsic volcanics of dacitic to rhyolitic composition attributed to the noted Novellet member. These lithological units mainly strike west-northwest to east-southeast, changing to east to west in the western portion of the project and to northeast to southwest in the eastern portion of the project. These changes in orientation may be related to the Urban and Cameron deformational zones.

The Ralleau syncline is oriented east to west. Geologically, it has been interpreted to coincide with the Urban deformational zone forming a two km wide corridor through the central part of the greenstone belt. The area experienced amphibolite-facies metamorphism; however, the central part of the Urban formation appears to have been exposed to greenschist-facies conditions. The rocks surrounding the synvolcanic felsic intrusives record favourable contact metamorphic to amphibolite-facies conditions.

The lithological units range from mafic to felsic compositions, which is consistent with bimodal volcanism. This is a prospective trait of VMS deposits known to exist in this Abitibi region. They furthermore suggest that the geological setting of the Ralleau property is favourable for Abitibi-style VMS mineralization such as what exists at the operating Langlois VMS mine.

Shear-zone-hosted mineralization consists of disseminated (10 per cent) pyrite with trace amount of chalcopyrite. This would be what may host lode gold mineralization to the east, west and north of Deeprock's Ralleau project.

Mineral exploration activity has been carried out sporadically on parts of the current Ralleau VMS project and its immediate vicinity since the mid-1950s, including geological reconnaissance, mapping, geophysical surveys and limited diamond drilling. Recent work has been carried out by Megastar, which acquired a 12-claim block north of Lac Wilson in 2005 that evolved into the present Ralleau project of which Deeprock is earning its 50-per-cent interest.

Since 2005, Megastar has completed a reconnaissance geology survey, a surface geophysical survey, a diamond drilling program, trenching and sampling, an airborne geophysical survey, a digital database compilation of all earlier work, and geological mapping, prospecting and sampling surveys over almost the entire property. Deeprock is confident it is now time to proceed with an extensive and aggressive diamond drill program on the Ralleau VMS project.

The exploration carried out by Deeprock since 2017 has consisted of a prospecting and mapping program on the eastern part of the property and a ground geophysical induced polarization survey on the western part of the property in preparation for diamond drilling. This surveying delineated a number of compelling conductive anomalies which, to date, all remain untested by diamond drilling.

Felsic volcanic rocks, displaying characteristic hydrothermal alteration known to be associated with VMS-style deposits, had been identified from the geological review, historical diamond drilling and trenching.

The Ralleau VMS project represents a favourable setting for bimodal mafic VMS mineralization similar to the Langlois mine located about 57 km west-northwest of the property.

In 1996, the Langlois mine, owned by Cambior, started the underground mining of a 22-million-tonne zinc and copper deposit at the rate of 2,500 tonnes per day for 10 years.

The Langlois mine, today operated by Nyrstar, is located roughly 15-20 kms northeast of DeepRock's Ralleau VMS/GOLD Project. Langlois produces zinc concentrate and copper concentrate, as well as silver and gold as by-products. In 2017, the Langlois mine produced 65,000 tonnes of zinc concentrate, 2,100 tonnes of copper concentrate, 1,900 ounces of gold in concentrate and 553,000 troy ounces of silver in concentrate.

Deeprock's first 2019 diamond drilling program will consist of a set of drill holes testing 600 metres of depth, averaging approximately 200 m each, along the horizon of interest. The first of the set is specifically designed to twin historic hole MAR-06-04 to corroborate the mineralized intervals and provide some idea of special orientation. Deeprock's geoscientific team will target a strong chargeability/metal factor anomaly. The second will test a strong chargeability anomaly and provide important infill information located between historic holes MAR-06-04 and MAR-06-05.

Deeprock Minerals looks forward to analyzing the data obtained to further pursue its drilling program on the other IP anomalies delineated on the Ralleau project.

On July 8, 2019, the Company announced that it is starting the second phase of its 2019 exploration program on the Ralleau property located in the Abitibi region of Quebec, just east of Lebel sur Quevillon, Que., and adjoining the west boundary of Osisko Metal's Windfall gold project.

Phase 2 exploration work, consisting of prospecting, mapping and a detailed mobile metal ion soil survey, will cover Deeprock's eastern-most claims surrounding the area of Sheillann Lake. This targeted area is mapped as being underlain by the Novellet member geology. This current work will complement the mapping undertaken by Megastar Development in 2014 and accommodate a more thorough understanding of the geological setting of the property.

Of particular interest to Deeprock's geological team is a better delineation of felsic units of the Novellet member which may have an important association with potential mineralization in a bimodal mafic VMS (volcanogenic massive sulphide) model as seen in the area of Osisko's adjoining Osborne-Bell deposit and the nearby world-class operating Langlois mine, situated just to the north of Deeprock and its neighbour Osisko.

The Novellet member (Anov) geology is composed mainly of volcanic and volcanoclastic rocks (Anov1) and undifferentiated tuffs of intermediate to felsic composition of calc-alkaline affinity. The felsic volcanic rocks of the Novellet member have been dated at 2,714.1 plus or minus 1.1 million annum (Bandyayera et al., 2003). The Novellet member crops out on the Ralleau property north of Lake Wilson and east of Lake Sheilann.

North-south trenching carried out in 2007 revealed a contact of felsic to intermediate rocks (to the north) with mafic rocks (to the south). The contact zone between these two rock types was mineralized with sulphides over two to three m. Drill holes R-1, R-2 and R-3 (1966) intersected rock types similar to those witnessed in

Deeprock's recent 2019 drill program. Intervals with minor chalcopyrite and up to 30 per cent sulphides were logged but no assays are available.

Access to this area of Deeprock's current exploration is quite difficult, yet the importance of this particular study has been deemed of a high enough priority that a decision has been made to increase the budget by an amount adequate to provide the crews with helicopter support during the program.

As at the date of the MD&A the Company has now met and exceeded its $250,000 of exploration expenditures to be completed on or before the third anniversary agreement, April 5, 2020 under the terms of its Ralleau Option.

**Corporate Matters**

On June 27, 2019, the Company announced, Richard Shatto was appointed president of the Company. Mr. Shatto has served the company in the capacity of operating manager and as an important member of Deeprock's board of directors, a position he will retain.

On June 14, 2019, the Company announced, Kay Wong-Alafriz to the position of Chief Financial Officer and the termination of Paul Marjerrison. Ms. Wong-Alafriz has extensive experience in the junior mining sector and has served as a non-executive director and audit committee member of Canadian-listed Blackrock Resources from 2010 through 2015. She has also served as an independent non-executive director, audit chairperson/corporate governance, chairperson of the remuneration committee, member of the nomination committee and member of the funding committee of Hong Kong Stock Exchange-listed CVM Minerals and Ding He Mining Holdings from 2007 to 2015.

On June 4, 2019, the Company announced, Dr. Christian Derosier, PGeo, DSc, to the position of vice-president of exploration. Dr. Derosier received his diploma in physical, chemical and natural sciences (SPCN) from the University of Paris, France, in 1966, followed by his MSc (geology) in 1969 and his DSc (geology) in 1971, also from the University of Paris. Dr. Derosier is a member of the Order of Geologists of Quebec and the Canadian Institute of Mining and Metallurgy. He brings almost 50 years of global exploration, project development and mining experience to Deeprock's management team. Dr. Derosier is fluent in both French and English, and has working knowledge of Spanish, Arabian and German.

On May 29, 2019, the Company announced, Patrick D. O’Brien, ICD.D, MIoD was appointed to the board of directors and to the position of Chief Executive Officer. Mr. O'Brien is a widely recognized and respected leader in the Canadian junior mining sector and considered a specialist on the acquisition, exploration and development of mineral projects in the provinces of Quebec and Ontario, Canada. Mr. O'Brien brings more than 30 years of senior management leadership and board experience to Deeprock's team, as well as an extensive global network of mining and finance contacts.

On January 1, 2019, Darrell Woronchak resigned as President due to personal concerns.

On January 1, 2019, the board appointed Matt Reams, a Director, President until a new President with marque experience in Mining is hired.

On January 1, 2019, Geoff Balderson resigned as Chief Financial Officer due to other business interests.

On January 1, 2019 the board appointed Paul Marjerrison as Chief Financial Officer. Mr. Marjerrison has owned and operated a busy financial management business since 2015, working as a contract chief financial officer or financial adviser for several clients. From 2011 to 2015, Mr. Marjerrison worked with a mid-market corporate finance firm, assisting clients with divestitures, acquisitions, debt financings and exempt market capital raises. Prior to 2011, Mr. Marjerrison worked in public practice with a national accounting firm, focusing on audit engagements. Mr. Marjerrison has a bachelor of commerce in finance and accounting from the University of Saskatchewan.

### Selected Annual Information

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning Financial Instruments.

| | Years ended | | |
|---|---|---|---|
| | November 30, 2018 $ | November 30, 2017 $ | November 30, 2016 $ |
| Total Revenue | - | - | - |
| Interest income | - | - | - |
| Expenses | 272,311 | 253,833 | 11,024 |
| Net loss | (272,281) | (253,833) | (11,024) |
| Total assets | 353,351 | 113,050 | 27,210 |
| Total long-term liabilities | - | - | - |
| Net loss per share (basic and diluted) | (0.03) | (0.05) | (0.00) |

The Company was incorporated on December 1, 2014. November 30, 2015 was the Company's first fiscal year end for the Company, but it was inactive during that period and for the year ended November 30, 2016. During the year ended November 30, 2017, the Company had a loss of $253,833 as compared to the $11,024 for the prior year, an increase of approximately $242,000. The increase can be attributed to an increase in activity as the Company acquired the Ralleau property and adopted the policy of expensing exploration cost and incurred fees with its directors and officers of the Company and recognized share-based payments on stock options granted to its directors. During the year ended November 30, 2018, the Company had a loss of $272,281 which is comparable to the $253,833 for the prior year.

### Summary of Quarterly Results

The following table summarized the results of operations for the eight recent quarters.

| | Three months ended | | | |
|---|---|---|---|---|
| | May 31, 2019 $ | February 28, 2019 $ | November 30, 2018 $ | August 31, 2018 $ |
| Expenses | 193,402 | 94,106 | 70,933 | 78,894 |
| Net loss | (193,402) | (94,106) | (70,903) | (78,894) |
| Net loss per share and diluted loss per share | (0.01) | (0.01) | (0.00) | (0.01) |

| | Three months ended | | | |
|---|---|---|---|---|
| | May 31, 2018 $ | February 28, 2018 $ | November 30, 2017 $ | August 31, 2017 $ |
| Expenses | 68,899 | 53,555 | 71,678 | 64,746 |
| Net loss | (68,899) | (53,555) | (71,678) | (64,746) |
| Net loss per share and diluted loss per share | (0.01) | (0.01) | (0.01) | (0.01) |

During the three months ended August 31, 2017, the Company reported a net loss of $64,746 as compared to a net loss of $115,891 from May 31, 2017 a decrease of approximately $51,000 which can be attributed to a decrease in exploration cost from $58,943 from the previous quarter down to $16,522, and a decrease in property investigation cost from $25,000 to $nil in this quarter. During the three months ended November 30, 2017, the Company reported a net loss of $71,678 as compared to $64,746 from August 31, 2017 an increase of approximately $7,000 which can be attributed to the decline in exploration cost from $16,522 to $512 as the Company awaits the completion of its 43-101 report and its IPO, an increase in professional fees of $10,000 for year end audit and accounting accrual and an increase of $17,500 in stock-based compensation which represents the fair value of the stock options that were granted during the quarter ended November 30, 2017. The stock-based compensation is a non-cash transaction. During the three months ended February 28, 2017, the Company reported a net loss of $53,555 as compared to $71,678 from November 30, 2017 a decrease of approximately $18,000 which can be attributed to no stock based compensation as compared to $17,500 for the prior quarter. During the three months ended May 31, 2018, the Company reported a net loss of $68,899 as compared to $53,555 from February 28, 2018 an increase of approximately $15,000 which can be attributed to $12,506 in exploration cost paid and an increase in the filing fees paid in connection with the initial public offering that was filed on March 23, 2018. During the three months ended August 31, 2018, the Company reported a net loss of $78,894 as compared to the $68,899 for the previous quarter an increase of approximately $10,000 which can be attributed to increase in consulting and legal fees offset by the decrease in accounting fees. During the three months ended November 30, 2018 the Company reported a net loss of $70,903 which is comparable to the net loss of $68,899 for the prior quarter. During the three months ended February 28, 2019 the Company reported a net loss of $94,106 which is higher than the net loss of $70,903 in the prior quarter. This is mainly due to increases in consulting and professional fees. During the three months ended May 31, 2019, the Company reported a net loss of $193,402 which is higher than the net loss of $94,106 in the prior quarter. This is mainly due to higher consulting fees and increase in exploration and evaluation expenditures as the Company commenced its drilling program in this quarter.

## Results of Operations

During the three months ended May 31, 2019

The Company incurred a net loss of $193,402 for the three months ended May 31, 2019 as compared to a net loss of $68,899 for the comparable period ended May 31, 2018. There were no revenues. Total expenses for the period ended May 31, 2019 amounted to $193,402 as compared to $68,899 for the comparable period ended May 31, 2018 an increase of approximately $124,000. In general, the increases are directly related to the increase in the company's operating and exploration activities.

The significant changes in total expenses for the three-month period ended May 31, 2019 versus the three-month period ended May 31, 2018 are as follows:

Consulting fees have increased to $96,636 in the current quarter as compared to $28,738, an increase of approximately $68,000 which can be attributed to increase in professional expertise and service fees to third parties and to newly appointed directors and officers of the Company. See Related Party section for details of compensation to related parties.

Exploration and evaluation expenditures have increased to $71,352 for the three months ended May 31, 2019 as compared to $12,506, an increase of approximately $59,000. The increase can be attributed to the company commencing its drill program and other associated exploration endeavours in Quebec.

Professional fees have increased to $18,574 for the three months ended May 31, 2019 as compared to $11,630, an increase of approximately $7,000 which can be attributed to an increase in legal fees with respects to the undertaking of financing for drilling and exploration and general corporate matters.

Transfer agent and filing fees have decreased to $5,921 in the current period as compared to $15,915, a decrease of approximately $10,000. The higher fees in the prior quarter can be attributed to cost associated with filing of the IPO with the exchange.

All other costs are consistent with that of the comparable quarter.

During the six months ended May 31, 2019

The Company incurred a net loss of $287,508 for the six months ended May 31, 2019 as compared to a net loss of $122,454 for the comparable period ended May 31, 2018. There were no revenues. Total expenses for the six month period ended May 31, 2019 amounted to $287,508 as compared to $122,454 for the comparable period ended May 31, 2018 an increase of approximately $165,000.

The significant changes in total expenses for the six-month period ended May 31, 2019 versus the six month period ended May 31, 2018 are as follows:

Consulting fees have increased to $153,739 for the six months ended May 31, 2019 as compared to $77,619, an increase of approximately $76,000 which can be attributed to increase in professional expertise and service fees to third parties and to newly appointed directors and officers of the Company. See Related Party section for details of compensation to related parties.

Exploration and evaluation expenditures have increased to $73,950 for the six months ended May 31, 2019 as compared to $12,506, an increase of approximately $61,000. The increase can be attributed to the company commencing its drill program and other associated exploration endeavours in Quebec .

Professional fees have increased to $34,349 for the six months ended May 31, 2019 as compared to $14,860, an increase of approximately $19,000 which can be attributed to an increase in legal fees with respects to the undertaking of financing for drilling and exploration general corporate matters.

Office expenses have increased to $6,657 for the six months ended May 31, 2019 as compared to $292 an increase of approximately $6,000. The increase in office is due to the Company paying $6,000 in rent to 1011705 B.C. Ltd. a company which was related by way of a common director. This office cost has ceased at the direction of new management.

**Liquidity, Financial Position and Capital Resources**

The Company has not generated revenue from operations. The Company incurred a net loss of $287,508 for the six months ended May 31, 2019 and as of that date the Company's accumulated deficit was $831,527. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

As at May 31, 2019 the Company had working capital of $133,244 (November 30, 2018: working capital of $172,172) consisting of cash in the amount of $255,513, GST receivables of $9,839, due from related party of $2,363 and prepaid expenses of $15,000 and current liabilities totaling $149,471.

The Company budget for the next twelve months is its working capital. The Company believes that the current capital resources are not sufficient to pay overhead expenses and its exploration expenditure commitments for the next twelve months and will need to seek additional funding to fund its overhead expenses and any future commitments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on its creditors, the issuance of shares, shares for debt, loans and related party loans to fund ongoing operations and investments. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On June 22, 2019, the Company issued 5,529,000 flow-through units at a price of $0.05 and 759,000 non-flow-through units at a price of $0.05 per unit for total proceeds of $314,400. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of $0.10 per share expiring on December 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of $0.10 per share expiring on December 21, 2020.

**Transactions with Related Parties**

Amounts included in loans payable are funds advanced to the Company as working capital and are non-interest bearing, unsecured and payable on demand.

| Name | Relationship | May 31, 2019 | November 30, 2018 |
|---|---|---|---|
| | | $ | $ |
| Due from Related Party | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau, a shareholder with significant influence | 2,363 | - |
| | | 2,363 | - |
| Due to Related Parties | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau, a shareholder with significant influence | - | 19,487 |
| Geoff Balderson | Former CFO | - | 21,075 |
| Harmony Corporate Services | Controlled by Geoff Balderson | - | 26,727 |
| 1011705 BC Ltd. | Common officers | 2,000 | - |
| Marjerrison Financial Management | Controlled by Paul Marjerrison, former CFO | 5,250 | - |
| Point Nexus | Controlled by Richard Shatto, Director | 22,825 | 17,325 |
| | | 31,575 | 84,614 |

| Name | Relationship | May 31, 2019 | November 30, 2018 |
|---|---|---|---|
| | | $ | $ |
| Loans Payable | | | |
| Point Nexus | Controlled by Richard Shatto, Director | 100 | 100 |
| Geoff Balderson | Former CFO | - | 3,100 |
| Continental Agro Trade Corp. | Common directors | 8,650 | 8,650 |
| 1011705 B.C. Ltd. | Common officers | - | 525 |
| | | 8,750 | 12,375 |

Included in accrued liabilities at May 31, 2019, are $42,100 (November 30, 2018 - $Nil) in unpaid consulting fees to directors and to current and former officers of the Company.

Key Management Compensation

The Company considers its Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and its Directors to be key management. During the six months ended May 31, 2019 and 2018 the Company had the following charges to its key management.

| Name | Relationship | May 31, 2019 | May 31, 2018 |
|---|---|---|---|
| | | $ | $ |
| Consulting fees | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau, a shareholder with significant influence | 12,000 | 29,367 |
| Reams Enterprises/ Brooklyn Pacific | Controlled by Matthew Reams, President | 14,048 | - |
| Darrel Woronchak | Former President | - | 20,831 |
| Point Nexus | Controlled by Richard Shatto, Director | 26,000 | 15,422 |
| Marjerrison Financial Management | Controlled by Paul Marjerrison, CFO | 26,667 | - |
| Geoff Balderson | Former CFO | 1,000 | 6,000 |
| Harmony Corporate Services | Controlled by Geoff Balderson | 1,000 | 6,000 |
| Rockstar Capital Corp | Controlled by Pat O'Brien, CEO | 24,000 | - |
| | | 104,714 | 77,619 |

During the six months ended May 31, 2019, the Company was charged $6,000 for office rent by 1011705 BC Ltd., a company related by a common officer.

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

### Off-Balance Sheet Arrangement

As at May 31, 2019, the Company has the following commitments with respects to its mineral property.

(a) Cash payment of $100,000 and issuance of 1,700,000 common shares as follows:

(i) $5,000 on or before the execution of this agreement (paid);
(ii) $5,000 (paid) and 600,000 common shares (issued) on the earlier of the exchange listing date or August 31, 2018;
(iii) $5,000 (paid) and 200,000 common shares (issued) on or before the first anniversary date of this agreement, April 5, 2018;
(iv) $10,000 (paid) and 400,000 common shares (issued) on or before the second anniversary date of this agreement, April 5, 2019;
(v) $75,000 and 500,000 common shares on or before the third anniversary date of this agreement, April 5, 2020.

(b) Exploration expenditures of $250,000 on the Property as follows:

(i) $40,000 on or before May 30, 2017 (incurred);
(ii) $15,000 on or before July 31, 2017 (incurred);
(iii) $25,000 on or before October 31, 2018 (incurred);
(iv) $50,000 on or before the second anniversary date of this agreement, April 5, 2019 (incurred);
(v) $120,000 on or before the third anniversary date of this agreement, April 5, 2020. (subsequently incurred)

If the exploration expenditures incurred are less than the amount of the exploration expenditures required to be incurred in any period, the Company may at its option pay the deficiency to Megastar within sixty days after the end of such period in order to maintain the Option in good standing.

### Proposed Transactions

N/A

### Subsequent Events

On June 22, 2019, the Company issued 5,529,000 flow-through units at a price of $0.05 and 759,000 non-flow-through units at a price of $0.05 per unit for total proceeds of $314,400. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of $0.10 per share expiring on December 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of $0.10 per share expiring on December 21, 2020. The Company paid a cash finders fee of $45,055.

On June 24, 2019, the Company entered into an agreement option agreement to acquire 100% interest in 13 mineral claims situated in Gloucester Count, Bathurst Mining Division, New Brunswick. ("Golden Gate Project") In order to acquire the 100% interest, the Company is required to pay $170,000 in cash, issue 200,000 common shares of the Company and incur $220,000 in exploration expenditures on or before the 4th anniversary of the CSE approval as follows:

Cash and share payments are as follows:

a) Issue 200,000 common shares within 15 days of the approval of the agreement by the CSE;
b) Pay $30,000 in cash on or before the first anniversary of the CSE approval date;

c) Pay $40,000 in cash on or before the second anniversary of the CSE approval date;
d) Pay $50,000 in cash on or before the third anniversary of the CSE approval date; and
e) Pay $50,000 in cash on or before the fourth anniversary of the CSE approval date.

At the Company's discretion 50% of the cash payments can be paid out in shares based on the average share price of the last 10 trading days prior to the day the payment is made.

Exploration work commitment schedule:

a) $40,000 in accumulated exploration expenditure on or before the first anniversary of the CSE approval date;
b) $90,000 in accumulated exploration expenditure on or before the second anniversary of the CSE approval date;
c) $150,000 in accumulated exploration expenditure on or before the third anniversary of the CSE approval date; and
d) $220,000 in accumulated exploration expenditure on or before the fourth anniversary of the CSE approval date.

## Critical Accounting Estimates

*Significant Estimates and Assumptions*

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of policies and reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements, along with reported amounts of expenses and net losses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

## Changes in Accounting Policies

<u>Accounting Standards and Amendments adopted</u>

The following new standards and interpretations have been applied in preparing these financial statements.

On December 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9"), which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after August 1, 2018. As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. IFRS 9 does not require restatement of comparative periods.

The change in accounting policy did not result in a change in carrying value of any of the Company's financial instruments on transition date and did not have a significant impact on the Company's policies related to financial assets and liabilities. The adoption of the ECL impairment model did not have an impact on the Company's condensed interim consolidated financial statements.

| | December 1, 2018 | |
|---|---|---|
| | IAS 39 | IFRS 9 |
| Financial Asset | | |
| Cash | FVTPL | FVTPL |
| Due from related party | Amortized cost | Amortized cost |
| | | |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost |
| Due to related parties | Amortized cost | Amortized cost |
| Loans payable | Amortized cost | Amortized cost |

**Changes in Accounting Policies (continued)**

On December 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for the Company's annual period beginning December 1, 2018.

The main features introduced by this new standard compared with predecessor IFRS are as follows:
Revenue is recognized based on a five-step model:
1) Identify the contract with customer;
2) Identify the performance obligations;
3) Determine the transaction price;
4) Allocate the transaction price to the performance obligations; and
5) Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount timing and uncertainty of revenue and cash flows from contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The adoption of IFRS 15 resulted in no impact to the opening accumulated deficit as the Company had no revenues.

<u>Accounting Standards and Amendments Issued but Not Yet Effective</u>

On January 13, 2016, the IASB issued IFRS 16 *Leases* which requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. This standard is effective for reporting periods beginning on or after January 1, 2019. This standard is effective for the Company's annual period beginning December 1, 2019. Management does not expect IFRS 16 will have significant impact on the Company's financial statements.

**Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, due from related party, accounts payable and accrued liabilities, due to related parties and loan payable.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, accrued interest receivable and loan receivable. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

The loan payable is non-interest bearing and has no fixed terms of repayment. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The loan payable is non-interest bearing and has no fixed terms of repayment. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars; therefore, currency risk is minimal.

**Business Risks**

An investment in securities of the Company involves a high degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. In addition to information set out or incorporated by reference in this MD&A, prospective investors should carefully consider the risk factors set out below. Any one risk factor could materially affect the Company's financial condition and future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company.

**No Operating History**

The Company was incorporated on December 1, 2014 and while it is currently undertaking exploration activities, the Company is still pre-revenue. The Company has no history of earnings, nor has paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

### Exploration and Mining Risks

Resource exploration and development and mining operations are highly speculative and characterized by a number of significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but from finding mineral deposits which, though present, are insufficient in quantity and quality to be mined profitability. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development programs will result in any discoveries of bodies of commercial mineralization. There is also no assurance that even if commercial quantities of mineralization are discovered, a mineral property will be brought into commercial production. The Company will continue to rely upon the advice and work of consultants and others for exploration, development, construction, and operating expertise.

Substantial expenditures are required to establish and upgrade mineral resources, to establish mineral reserves, to develop metallurgical processes to extract metals from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that the funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size and grade; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Unsuccessful exploration and development programs could have a material adverse impact on the Company's operations and financial condition.

### Factors beyond the Company's Control

The mining exploration business is subject to a number of factors beyond the Company's control including changes in economic conditions, intense industry competition, variability in operating costs, changes in government and in rules and regulations of various regulatory authorities. An adverse change in any one of such factors would have a material adverse effect on the Company, its business and results of operations which might result in the Company not identifying a body of economic mineralization, completing the development of a mine according to specifications in a timely, cost effective manner or successfully developing mining activities on a profitable basis.

### Reliance on Independent Contractors

The Company's success depends to an extent on the performance and continued service of certain independent contractors. The Company has contracted the services of professional drillers and others for exploration, environmental, engineering, and other services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company, its business and results of operations and result in the Company failing to meet its business objectives.

### Additional Funding Required

Further exploration on, and development of, the Company's properties may require significant additional financing. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through equity financing, debt financing, the joint venturing of projects or other external sources. Failure to obtain sufficient financing may result in a delay or an indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interest, or have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition or result in the substantial dilution of its interests in its properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If the Company was required to arrange for debt financing it could be exposed to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Company will be successful in overcoming these risks or any other problems encountered in connection with such financings. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company has and will continue to have negative operating cash flow until its mineral property commence commercial production should exploration and development efforts demonstrate that commercial production from such mineral properties is feasible.

### Going Concern

The Company has not generated revenue from operations. The Company incurred a net loss of $287,508 for the six months ended May 31, 2019 and as of that date the Company's accumulated deficit was $831,527. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

### Market Price of Common Shares

The trading price of the common shares is likely to be significantly affected by short term changes in mineral prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business; the lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; and the price of the common shares and size of the Company's public float may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### Dilution to Common Shares

During the life of the Company's outstanding common share purchase warrants, as well as options and other rights granted or assumed by the Company, if any, the holders are given an opportunity to profit from a rise in the market price of the common shares. The Company's ability to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the rights may have an adverse effect on the price of the common shares. The holders of common share purchase warrants, options and other rights of the Company may exercise such securities at a time when the Company would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding rights.

The increase in the number of common shares in the market and the possibility of sales of such shares may have a depressive effect on the price of the common shares. In addition, as a result of such additional common shares, the voting power of the Company's existing shareholders will be diluted.

### Future Sales of Common Shares by Existing Shareholders

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

### Future Profits or Losses and Production Revenues and Expenses

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as required consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties and any other properties that the Company may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the Company's acquisition of additional properties, in addition to other factors, many of which are beyond the Company's control.

The Company expects to incur expenditures and losses unless and until such time as the Company's properties are acquired or achieve a sufficient level of commercial production and revenues to fund continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability, nor can there be any assurance that the underlying assumed levels of expenses will prove to be accurate.

### Labor and Employment Matters

While the Company has good relations with its contractors and employees, its operations are dependent upon the efforts of its contractors and employees. In addition, relations between the Company and its contractors and employees may be affected by changes in the scheme of labor relations that may be introduced by the relevant governmental authorities in jurisdictions the Company carries on business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's operations and financial condition.

### Conflicts of Interest

Certain directors and officers of the Company are also directors or officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Directors and officers with conflicts of interests will be subject to, and will follow the procedures set out in, applicable corporate and securities legislation. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**These risk factors could materially affect the Company's future results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.**

### Financial and Disclosure Controls and Procedures

During the six months ended May 31, 2019, there has been no significant change in the Company's internal control over financial reporting since last year.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's condensed interim financial statements for the six months ended May 31, 2019.

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

**Outstanding Share Data**

Authorized: Unlimited common shares without par value

Issued and Outstanding:

| | Number of Shares | Amount |
|---|---|---|
| Balance as at May 31, 2019 | 18,350,580 | $ 925,847 |

| | Number of Shares | Amount |
|---|---|---|
| Balance as at the Date of MD&A | 24,545,580 | $ 1,190,542 |

On July 19, 2019, 93,000 common shares were returned to treasury.

Agent's Warrants:

As at the date of the MD&A, the Company had outstanding 350,000 agent's warrants exercisable into one common share of the Company with a weighted exercise price of $0.10 per share, expiring November 14, 2020.

Stock Options:

As at the date of the MD&A, the Company had 375,000 stock options outstanding exercisable at $0.10 per share expiring November 14, 2023.

As at the date of the MD&A, the Company had 4,505,500 share purchase warrants outstanding exercisable at $0.10 per share expiring between November 21, 2020 and Dec 21, 2020.

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com;

This MD&A has been approved by the Board effective July 30, 2019.

***"Richard Shatto"***
Director,

"***Pat O'Brien"***
Director