

# High Point Exploration Inc.

## Management's Discussion and Analysis

### For the Six months ended October 31, 2020

#### General

This management discussion and analysis should be read in conjunction with the condensed interim financial statements and related notes thereto of High Point Exploration Inc. (the "Company") for the six months ended October 31, 2020 and 2019, and with the audited financial statements for the year ended April 30, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board. All amounts in the financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated December 30, 2020 and discloses specified information up to that date.

Management is responsible for the preparation and integrity of the audited financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the audited financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Overview

The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company is a reporting issuer in the province of British Columbia.

#### Results of Operations

##### Three Months Ended October 31, 2020 and 2019

##### Net Loss

The net loss for the quarter ended October 31, 2020 was \$20,954 compared to \$11,626 for the quarter ended October 31, 2019.

##### Expenses

For the quarter ended October 31, 2020, total expenses were \$20,954 compared to \$11,626 recorded during the same period in 2019. The increase in expenses is mostly due to management fees of \$7,500 paid in the current quarter (2019- \$nil). Also, additional \$6,500 were expensed as management fees during the quarter to clear the under accrual of the prior period.

## Six Months Ended October 31, 2020 and 2019

### Net Loss

The Company did not generate any revenues and incurred a net loss and comprehensive loss of \$41,212 during the period ended October 31, 2020 compared to \$14,176 for the period ended October 31, 2019.

### Expenses

For the six months ended October 31, 2020, total expenses were \$41,212 compared to \$14,167 recorded during the same period in 2019. The increase in expenses is primarily related to management fees of \$21,500 out of which \$15,000 pertains to current period and \$6,500 relates to clearance of under accrual of expense in the prior period. In addition, the Company incurred regulatory fees of \$11,893 and professional fees of \$7,743.

### Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's condensed interim financial statements. All dollar amounts are in Canadian dollars:

Quarter Ended	Loss for the period	Loss per Share (Basic & Diluted)	Total Assets
October 31, 2020	\$20,954	\$0.00	\$717,134
July 31, 2020	\$20,258	\$0.01	\$734,593
April 30, 2020	\$45,423	\$0.00	\$289,760
January 31, 2020	\$8,898	\$0.00	\$94,484
October 31, 2019	\$11,626	\$0.00	\$92,848
July 31, 2019	\$2,550	\$2,550	\$1
April 30, 2019	\$Nil	\$0.00	\$1
January 31, 2019	\$Nil	\$0.00	\$1

### Financial Condition, Liquidity and Capital Resources

As an exploration company, the Company has not generated any revenues from operations with the primary source of financing to date being from the issuance of equity securities and advancements received from related parties to continue the development of its mineral property.

As at October 31, 2020 the Company had a working capital of \$457,937 (April 30, 2020 - \$139,575) and cash of \$ 480,307 (April 30, 2020 - \$195,484).

On July 31, 2020, the Company closed a non-brokered private placement of 25,000,000 units at a price of \$0.02 per common shares for gross proceeds of \$500,000. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant, whereby each warrant entitles the

holder thereof to acquire one additional common share of the Company for a total period of five years from the date of issuance at a price of \$0.05 per warrant share.

On August 17, 2020, Barry Hartley announced that as a result of the private placement completed by the Company on July 31, 2020, the percentage of the common shares of the Company controlled by Barry Hartley fell below 10%.

On August 18, 2020, Andrew Bowering reported that he acquired control and direction over 2,850,190 common shares of the Company in connection with a series of private transactions. Following the acquisition, Mr. Bowering has ownership and control of approximately 16.7% of the issued and outstanding common shares of the Company. Assuming the exercise of just the common share purchase warrants held by him, he would have ownership and control of approximately 23% of the then issued and outstanding common shares.

There can be no assurance that financing will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

### **Supplemental Cash Flow Information**

#### **Operating Activities**

During the period ended October 31, 2020, cash used in operating activities were \$64,582 (2019 - \$7,524). The increase is primarily a result of the increase in net loss during the period.

#### **Investing Activities**

During the period ended October 31, 2020, cash used in investing activities were \$134,655 (2019 - \$Nil). The increase relates to additional consulting fees incurred on exploration and evaluation of the Mantle property.

#### **Financing Activities**

During the period ended October 31, 2020, cash inflow from financing activities were \$484,060 (2019 - \$7,524). The increase was due to an increase in cash raised from the issuance of common shares during the period ended October 31, 2020.

### **Off-Balance Sheet Arrangements**

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

### **Related Party Transactions**

During the period ended October 31, 2020, remuneration of the Company's key management (former directors), consisted of management fees in the amount of \$15,000 (2019 - \$Nil).

As at October 31, 2020, \$11,576 (2019 - \$Nil) was due to the former directors of the Company. The amounts are non-interest bearing, unsecured and due on demand.

### **Accounting Policies**

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing the condensed interim financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

## **Critical Accounting Estimates**

The preparation of the Company's audited financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- i) **Going concern**  
These financial statements have been prepared assuming the Company will continue on a going-concern basis. At October 31, 2020, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing for continuing operations. Management has determined that the Company will be able to continue as a going concern for the next year.
  
- i) **Economic recoverability and probability of future benefits of exploration and evaluation costs**  
Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

## **Financial Instruments and Capital Management**

Due to the short-term nature, the carrying amount of cash, other receivables and accounts payable and accrued liabilities approximates their fair value. Cash is measured at fair value while other receivables, accounts payables and accrued liabilities and amounts due to related parties are measured at amortized cost.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from coronavirus (COVID-19). The Company continues to operate its business and move its exploration activity forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

See Note 7 of the Company's condensed interim financial statements for the period ended October 31, 2020 on further details of the Company's use of financial instruments.

## **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as at the date of this report.

## **Additional share information**

As at October 31, 2020, and as at the date of this report, the Company had 32,959,282 (April 30, 2020 – 7,959,282) common shares outstanding.

As at October 31, 2020, and as at the date of this report, the Company had 25,000,000 purchase warrants outstanding (April 30, 2020 – Nil).

As at October 31, 2020, and as at the date of this report, the Company had no stock options outstanding.

## **Change of Management**

On November 16, 2020, the Company announced changes to its board of directors and management team. Andrew Cheshire was appointed as the President and Chief Executive Officer of the Company and Jeremy Ross has been appointed to the Board of Directors, each appointment to be effective November 13, 2020. The appointments of Mr. Cheshire and Mr. Ross follow the resignation of Brent Hahn as a director, President and Chief Executive Officer of the Company.

## **Management’s Responsibility for the Financial Statements**

The information provided in this report as referenced from the Company’s condensed interim financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

## **Other Information**

### **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

### **Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

## **Corporate Information**

### Directors and officers

Andrew Cheshire, Director, Chief Executive Officer and President

Barry Hartley, Chief Financial Officer and Corporate Secretary

Jeremy Ross, Director

James McCrea, Director

Andrew Bowering, Director

Jesse Hahn, Director

### Auditor

Adam Sung Kim Ltd. CPA

### Legal Counsel

Linas Antanavicius