

# High Point Exploration Inc.

## Management's Discussion and Analysis

For the year ended April 30, 2020

### General

This management discussion and analysis should be read in conjunction with the audited financial statements and related notes thereto of High Point Exploration Inc. (the "Company") for the year ended April 30, 2020, and for the period ended April 30, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board ("IASB"). All amounts in the audited financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated.

This Management Discussion and Analysis ("MD&A") is dated July 15, 2020 and discloses specified information up to that date. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

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.

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.

The Company has been listed on the Canadian Securities Exchange. The Company's common shares commenced trading at market open on March 5, 2020 under the stock symbol HGH.

On September 20, 2019, in connection with a plan of arrangement, the Company received the B.C. exploration property Mantle from its former parent Zenith Exploration Inc. ("Zenith"). As consideration, the Company issued 5,759,282 common shares to the shareholders of Zenith.

On February 19, 2020, the Company closed a non-brokered private placement and issued 2,200,000 at a price of \$0.10 per common shares for proceeds of \$220,000.

### Selected Annual Information

The following table sets forth selected annual financial information of the Company for the fiscal year ended April 30, 2020 and for the period from September 27, 2018 (inception) to April 30, 2019.

	April 30, 2020	For the period from September 27, 2018 (inception) to April 30, 2019
Exploration & evaluation assets	\$ 93,395	\$ Nil
Revenues	\$ Nil	\$ Nil
Loss before other items	\$ (68,497)	\$ Nil
Other items:		
Non-recurring expenses	\$ Nil	\$ Nil
Net loss and comprehensive loss	\$ (68,497)	\$ Nil
Loss per share - basic and diluted	\$ (0.01)	\$ Nil
Weighted average number of common shares outstanding	3,957,594	1

During the year ended April 30, 2020, total exploration and evaluation of assets were \$93,395 (2019 - \$Nil). The increase is attributable to the 100% interest received in the mineral property Mantle, located in British Columbia, from its former parent, Zenith. The property is subject to a 1% net smelter return royalty.

On September 20, 2019, the Company cancelled one common share and issued 5,759,282 common shares pursuant to the Arrangement.

On February 19, 2020, the Company closed a non-brokered private placement and issued 2,200,000 at a price of \$0.10 per common shares for proceeds of \$220,000.

Net loss and comprehensive loss for the year ended April 30, 2020 increased by \$68,497 (2019 - \$Nil). The increase is discussed in more detail below under Results of Operations.

The total assets of the Company as at April 30, 2020 were \$289,760 (2019 - \$1) and total liabilities were \$56,790 (2019 - \$1).

## Results of Operations

### Net Loss

During the year ended April 30, 2020 and period ended April 30, 2019, the Company did not generate any revenues and incurred a net loss and comprehensive loss of \$68,497 and \$Nil respectively.

### Expenses

For the year ended April 30, 2020, total expenses were \$68,497 compared to \$Nil recorded during the same period in 2019. The increase in expenses is related to management fees of \$30,000, regulatory fees of \$20,635 and professional fees of \$17,649 incurred in connection with the property transfer and the closure of the non-brokered private placement.

## Selected Quarterly Information

The following table provides selected quarterly audited financial data for the most recently completed interim quarters:

Quarter Ended	Loss for the period	Loss per Share (Basic & Diluted)	Total Assets
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
October 31, 2018	\$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 April 30, 2020 the Company had a working capital of \$139,575 (2019 - \$1) and cash of \$ 195,484 (2019 - \$Nil).

On February 19, 2020, the Company closed a non-brokered private placement for a total of 2,200,000 shares and gross proceeds of \$220,000. The net proceeds from the Private Placement will be used for general working capital purposes.

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 year ended April 30, 2020, cash used in operating activities were \$34,333 (2019 - \$Nil). The increase is primarily a result of the increase in net loss during the period.

### Investing Activities

During the year ended April 30, 2020, cash used in investing activities were \$459 (2019 - \$Nil).

### Financing Activities

During the year ended April 30, 2020, cash inflow from financing activities were \$230,277 (2019 - \$Nil). The increase was due to an increase in cash raised from the issuance of common shares during the year ended April 30, 2020 and cash raised from related parties' advancements.

## Off-Balance Sheet Arrangements

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

## **Related Party Transactions**

During the year ended April 30, 2020, remuneration of the Company's key management (Brent Hahn and Barry Hartley), consisted of management fees in the amount of \$30,000 (2019 - \$Nil) and it was expensed as management fees in the income statement.

As at April 30, 2020, \$51,745 (2019 - \$Nil) was due to directors of the Company (Brent Hahn and Barry Hartley) and a company with common directors (Zenith Exploration Inc.). 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 audited 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 April 30, 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.

## **New accounting policies**

### ***Exploration and evaluation assets***

Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### ***Leases***

On May 1, 2019, the Company adopted the new accounting standard IFRS 16, Leases. On January 13, 2016, the IASB published the new standard, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. The adoption of IFRS 16 had no material impact on the Company's financial statements as the Company has no leases.

## **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 measure 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 2020.

See Note 3 and 8 of the Company's audited financial statements for the year ended April 30, 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 April 30, 2020, and as at the date of this report, the Company had 7,959,282 (April 30, 2019 – 1) common shares outstanding.

As at April 30, 2020, and as at the date of this report, the Company had no stock options and no warrants outstanding.

On June 19, 2020, the Company announced it expects to issue by way of a non-brokered private placement, up to 12,500,000 units. The units consist of one common share of the Company at a share price of \$0.02 for total proceeds of up to \$250,000, and one common share purchase warrant, whereby each warrant shall entitle the holder thereof to acquire an 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.

## Additional Disclosure for Venture Issuers Without Significant Revenue

During the year ended April 30, 2020 and 2019, the Company incurred the following expenses:

	2020	2019
Capitalized acquisition costs	\$ 92,063	\$ -
Capitalized exploration costs	1,332	-
Operating expenses	68,497	-
	<u>\$ 161,892</u>	<u>\$ -</u>

## Management's Responsibility For The Financial Statements

The information provided in this report as referenced from the Company's audited 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

Brent Hahn, Director, Chief Executive Officer and President

Barry Harley, Director, Chief Financial Officer

James McCrea, Director

Jesse Hahn, Corporate Secretary

Auditor

Adam Sung Kim Ltd. CPA

Legal Counsel

Linas Antanavicius