INTERNATIONAL COBALT CORPORATION

INTERNATIONAL COBALT CORP.

Management's Discussions & Analysis
For the nine-month period ended June 30, 2019 and 2018

Date: August 28, 2019

The following Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the nine months ended June 30, 2019, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undo reliance on these forward-looking statements (See "Risks and Uncertainties" in this MD&A for more information).

Overall Performance and Description of Business

1018521 B.C. Ltd. was incorporated under the *Business Corporations Act* (British Columbia) on November 7, 2014 and changed its name to Brakpan Ventures Corp. on July 3, 2015. The Company was incorporated as a wholly owned subsidiary of Bard Ventures Ltd. ("**Bard**") for the purposes of a corporate restructuring of Bard pursuant to the Business Corporations Act by way of a plan of arrangement (the "**Arrangement**").

The Company is a Canadian based mineral exploration stage company whose focus will be the exploration and development of the Blackbird Creek, Ramsay Cobalt, Foster Marshall and Mount Thom properties. The Company was incorporated in British Columbia and is a reporting issuer in British Columbia, Alberta and Ontario.

As part of the Arrangement, the Company acquired Bard's interest in certain mineral claims known as the Grouse Mountain Property (the "**Grouse Mountain Property**"), which consists of 7 zinc-copper-silver-molybdenum claims located in the Omineca Mining Division of west-central British Columbia (see "**Project Summaries and Activities**" in this MD&A for more information), for aggregate consideration of Company shares.

The Arrangement was approved by a two-thirds majority vote of minority shareholders at Bard's Annual General and Special Meeting held on April 28, 2015, and was approved by the Supreme Court of British Columbia on June 3, 2015.

On April 25, 2016, the Company closed the Arrangement (the "**Effective Date**"), which resulted in the Property being transferred from Bard to the Company. The Company's common shares commenced trading on April 25, 2016 on the Canadian Securities Exchange under the symbol "**BVC**". Under the terms of the Arrangement, persons who were registered as shareholders of Bard on April 25, 2016 received one (1) common share of the Company for every three (3) common shares of Bard they owned. Any resulting fractional shares were cancelled. As advised in the TSX Venture Exchange Bulletin issued on April 18, 2016, purchasers of Bard common shares, through the facilities of the TSXV on or after April 21, 2016 were not entitled to receive Brakpan common shares pursuant to the Arrangement.

On the Effective Date, in consideration of the Property, the Company issued to Bard approximately 26,519,709 common shares and assumed all of Bard's obligations in respect of the Property.

On March 3, 2017, the Company acquired 100% interest in Blackbird Creek Property and, on March 29, 2017, changed its name to International Cobalt Corp.

On December 4, 2017, the Company entered into an agreement to acquire a 100% interest in the Formation North Project and Blackbird South Project located in the Idaho Mineral Belt in Lehmi County, Idaho, USA.

On March 28, 2018, the Company entered into an agreement to acquire a 100% interest in the Ramsay Cobalt Project (the "RC Project") located in the Bathurst Mining Camp of New Brunswick. On March 14, 2019, the Company terminated the option agreement and returned the property.

Overall Performance and Description of Business (continued)

On April 13, 2018, the Company entered into two option agreements with Supreme Metals Corp. to acquire up to an 80% interest in two cobalt projects which are comprised of the Foster Marshall Project and the Mount Thom Project (collectively known as the "FM Projects").

On July 30, 2018, the Company purchased unsecured convertible debentures of Tantalex Resources Corporation ("Tantalex") in the principal amount of $1,764,855 (US$1,350,000) bearing interest of 12% per annum and having an expiry date of one year. Each debenture is convertible at the option of the Company into common shares of Tantalex at any time at the conversion price (based on a price equal to the current trading price of the common shares of Tantalex on Canadian Securities Exchange on the maturity date or at 25% discount to such price if converted early).

During the year ended September 30, 2018, the Company entered into a right of first refusal agreement with Idaho Champion Gold Mines Ltd. ("Idaho Champion") related to the acquisition of four distinct and separate mining projects in the Idaho Cobalt Belt, collectively known as the "Champion Projects". As part of the terms of the agreement, the Company invested $328,025 (US$250,000) in 1,250,000 common shares of Idaho Champion.

During the year ended September 30, 2018, the Company concluded the sale of the Grouse Mountain property to Eastern Zinc Corp. ("Eastern Zinc"). To earn its 100% interest, Eastern Zinc has agreed to pay the Company $10,000 cash and spend $1,000,000 in exploration expenditures on the property within two years and a minimum of $100,000 must be spent in year one.

In November 2018, the Company purchased additional unsecured convertible debentures of Tantalex in the principal amount of $1,000,000 bearing interest of 12% per annum and having an expiry date of one year. Each debenture is convertible at the option of the Company into common shares of Tantalex at any time at the conversion price (based on a price equal to the current trading price of the common shares of Tantalex on Canadian Securities Exchange on the maturity date or at 25% discount to such price if converted early).

In January 2019, Tantalex and the Company entered into an amalgamation agreement with respect to a business combination by way of a amalgamation between Tantalex and the Company in order to list the securities of the resulting issuer ("Amalco") on the Canadian Securities Exchange following the completion of the contemplated transaction (the "Transaction"). As per the terms of the Transaction, Amalco's valuation will be deemed to be represented by the aggregate value of each of Tantalex and the Company, on amalgamation into Amalco on a ratio basis of half each (50%).

On April 24, 2019, the Company advanced USD $500,000 (CAD $654,350) by way of a loan to Tantalex. The loan is due on April 24, 2020 and bears no interest rate. At the date of this MD&A, the entire balance of balance of USD $500,000 (CAD $654,350) is receivable.

On June 5, 2019, the Company further advanced USD $250,000 (CAD $327,175) by way of a loan to Tantalex. The loan is due on June 5, 2020 and bears no interest rate. At the date of this MD&A, the entire balance of balance of USD $250,000 (CAD $327,175) is receivable.

During the nine months ended June 30, 2019, the Company acquired by staking the JA Project located in the Cobalt region of Lemhi County, Idaho.

Subsequent to year-end, the Company received conditional approval for its plan of operations ("POO") from the United States Department of Agriculture – Forest Service, for a proposed drill program at Blackbird Creek Property. The POO authorizes up to 22 drill holes at 11 drill pads and a total of 26,000 ft or 8000m and is valid for one year from implementation.

Results of Operations – For the nine months ended June 30, 2019

For the nine months ended June 30, 2019, the Company incurred a loss of $1,785,522 (2018: $4,808,545) which includes foreign exchange loss of $21,575 (2018: $Nil). Significant expenses included consulting fees of $303,033 (2018: $1,208,952) (see also "Related Party Transaction) mainly due to marketing and investor relation services; legal fees of $264,232 (2018: $94,263); exploration expenses of $447,000 (2018: $295,107) mainly incurred on the Blackbird Creek and RC projects, stock-based compensation of $Nil (2018: $2,890,352) related to stock options granted during the period, unrealized loss on investment of $387,500 (2018: $Nil) related to the Company's investment in 1,250,000 common shares

of Idaho Champion and write-off of the RC project of $285,000 (2018: $Nil). The administrative expenses were offset by interest income of $252,607 (2018: $34,584) related to the loans receivable from Tantalex. Removing the non-cash foreign exchange gain, stock-based compensation, unrealized loss on investment and write-off of mineral property for the period, the net loss for the nine months ended June 30, 2019 would have been $1,091,477 compared to $1,918,193 in the same period of 2018.

Results of Operations – For the three months ended June 30, 2019

For the three months ended June 30, 2019, the Company incurred a loss of $291,314 (2018: $585,545) which includes foreign exchange loss of $73,269 (2018: $Nil). Significant expenses included consulting fees of $64,306 (2018: $323,547) and management fees of $41,450 (2018 - $93,000) (see also "Related Party Transaction) of mainly due to marketing and investor relation services; legal fees of $21,267 (2018: 23,522); exploration expenses of $24,308 (2018: $118,241) mainly incurred on the Blackbird Creek and RC projects, stock-based compensation of $Nil (2018: $Nil) related to stock options granted during the period, unrealized loss on investment of $37,500 (2018: $Nil) related to the Company's investment in 1,250,000 common shares of Idaho Champion and write-off of the RC project and Mount Thom project of $285,000 and $85,000 (2018: $Nil). The administrative expenses were offset by interest income of $84,241 (2018: $25,466) related to the loans receivable from Tantalex. Removing the non-cash foreign exchange gain, stock-based compensation and unrealized loss on investment for the period, the net loss for the three months ended June 30, 2019 would have been $179,454 compared to $585,545 in the same period of 2018.

Summary of Quarterly Results:

2019/18 Quarterly Results:	**3rd Quarter**	**2nd Quarter**	**1st Quarter**	**4th Quarter**
Revenue	$ -	$ -	$ -	$ -
Loss and comprehensive loss	(291,314)	(577,246)	(1,001,992)	(1,170,121)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)
Total assets	10,516,286	10,835,724	11,312,127	12,676,222
Working capital	5,068,811	5,275,125	5,567,371	6,624,988

2018/17 Quarterly Results:	**3rd Quarter**	**2nd Quarter**	**1st Quarter**	**4th Quarter**
Revenue	$ -	$ -	$ -	$ -
Loss and comprehensive loss	(585,545)	(3,580,962)	(642,038)	(60,910)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.00)
Total assets	12,676,222	12,878,218	5,236,627	314,415
Working capital	6,624,988	8,648,128	1,043,201	(145,509)

* No exercise or conversion is assumed during the quarters in which a net loss is incurred, as the effect is anti-dilutive.

Project Summaries and Activities

CANADA

Grouse Mountain Property – British Columbia

The Property is located in the Bulkley-Nechako Regional District of British Columbia and is approximately 19 kilometers to the NNW of the town of Houston, and 45 kilometers to the SSE of Smithers, British Columbia. The Property is centered at latitude 54°33'47.6"N, longitude 126°43'12.06"W and located on NTS 1:50,000 map sheet 93L/10. The Property covers nine Minfile occurrences ie. Ruby and Copper Crown (93L 026), Schorn and Lakeview (093L 288), Eureka (093L 287), North Lake (093L 294), Solo ((093L 250), Hidden Treasure (093L 254) and Rainstorm (093L 289).

The Property is located at the south end of the Babine Range. To the west of the Property is the broad Bulkley River Valley and British Columbia Provincial Highway 16 and to the east of the Property is McQuarrie Lake. The Grouse Mountain claim group is centered on North, South and Coppermine Lakes, located on a broad ridge line at the top of the Babine Range at 1,480 meters. To the east, the claims come within 200 meters of McQuarrie Lake at an elevation of 1,050 meters; to the west, the Property covers the west facing slopes of the Bulkley Valley to approximately 720 meters elevation. The Grouse Mountain peak is located immediately southeast of the Property at an elevation of 1,617 meters.

The Property consists of seven mineral tenures covering an area of 1,763.3 hectares.

The Company owns a 100% right, title and interest in the Property subject to a 2.5% Net Smelter Return (NSR) Royalty. The Company has the right to buy back 2.0% of the NSR Royalty for $1,000,000 or $250,000 per 0.5% and also retains a right of first refusal to acquire the royalty.

During the year ended September 30, 2018, the Company concluded the sale of the Grouse Mountain property to Eastern Zinc. To earn its 100% interest, Eastern Zinc has agreed to pay the Company $10,000 cash (received), and spend $1,000,000 in exploration expenditures on the property within two years and a minimum of $100,000 must be spent in year one.

Ramsay Cobalt Project – New Brunswick

On March 28, 2018, the Company entered into an agreement to acquire a 100% interest in the Ramsay Cobalt Project located in the Bathurst Mining Camp of New Brunswick. Under the terms of the agreement, to earn its 100% interest in the RC Property, the Company must make the following cash payments and issuance of common shares:

- Cash payment of $25,000 upon signing the Letter of Intent (paid in March 2018);
- Cash payment of $25,000 (paid in April 2018) and issuance of 500,000 common shares (issued in April 2018) upon completion of definitive option agreement and filing with the CSE;
- Cash payment of $50,000 (paid in October 2018) and issuance of 500,000 common shares (issued in October 2018) within 6 months of filing with the CSE ;
- Cash payment of $100,000 and issuance of 500,000 common shares within 12 months of filing with the CSE ;
- Cash payment of $100,000 and issuance of 500,000 common shares within 18 months of filing with the CSE ; and
- Cash payment of $200,000 and issuance of 500,000 common shares within 24 months of filing with the CSE .

The RC Project, totaling approximately 8,007 hectares, is located in the Bathurst Mining Camp ("BMC") of New Brunswick. This world-class mining camp boasts approximately 46 volcanogenic massive sulfide (VMS) mineral deposits with defined tonnage and another hundred mineral occurrences. The RC Project is approximately 25 km west of the producing Caribou zinc-lead-silver-copper-gold mine operated by Trevali Mining Corp. Its close proximity to a nearby highway and power that supports other current mining activity, makes New Brunswick known to be a mining friendly jurisdiction.

Previous operators identified Cobalt and Copper mineralization over a 650m strike length through trenching, geochemical surveys, ground-based geophysics and a limited drilling program totaling 1,321 meters. The mineralized zone remains open along strike and at depth. The RC Project also includes other early-stage cobalt targets.

On March 14, 2019, the Company terminated the option agreement and returned the property.

Foster Marshall Project and the Mount Thom Project – Ontario and Nova Scotia

On April 13, 2018, the Company entered into two option agreements (the "FM Agreements") with Supreme Metals Corp. to acquire up to an 80% interest in two cobalt projects which are comprised of the Foster Marshall Project and the Mount Thom Project. Pursuant to the FM Agreements, the Company will have the option to earn an initial 60% interest in any of the FM Projects by making a total initial payment of $170,000 (paid in May 2018) and by funding exploration to reach an NI 43-101 compliant resource estimate within 60 months of signing of the FM Agreements. The Company will have the right to earn a further 20% interest and any of the FM Projects by completing a Preliminary Economic Assessment (PEA) within 24 months of completing the initial resource estimate. Each of the FM Projects is subject to a 1.5% NSR in favour of a third party.

The Foster Marshall Project is located in the historic mining area of Cobalt, Ontario and is approximately 25 kilometres north of the former producing Langis Mine project in the Larder Lake Mining Division. The area covers approximately 256 hectares (633 acres) and is comprised of seven mineral claims. Historical assays on surface grade up to 4.5% Cobalt and drill hole intercepts of 30 centimetres grading 87 oz/ton silver with several intercepts containing copper, lead and zinc.

The Mount Thom Project is located 22 kilometres east of Truro in Nova Scotia, Canada, over a historic copper deposit that was discovered in the early 1970's by Imperial Oil. It is comprised of 39 mineral claims over five neighbouring licenses and covers approximately 1,560 acres. The project is also close to the TransCanada Highway #104 and power lines,

making the area highly accessible. Even though assays of at the time of Imperial Oil's work reported up to 1.66% copper over 15.5 feet (4.7m), IOCG deposits and associated cobalt mineralization were unknown at the time. Subsequently, high concentrations of cobalt assaying up to 0.57% cobalt were reported in mineralized outcrop and rubble crop from trenches (source Nova Scotia assessment report AR2005-005). The deposit is now recognized as having affinities to IOCG-style deposits and is considered highly prospective for cobalt mineralization.

Subsequent to period-end, on August 20, 2019, the Company terminated the Mount Thom option agreement and returned the property.

UNITED STATES

Blackbird Creek Property – Idaho, USA

On February 27, 2017, the Company entered into an agreement (the "**Agreement**") to acquire a 100% interest in the Blackbird Creek Project located in the Idaho Mineral Belt in Lehmi County, Idaho, USA (the "**Blackbird Creek Property**"). The claims (the "**Lode Claims**") are located approximately 70 kilometers Southwest from Salmon, Idaho. The 71 Lode Claims encompass approximately 1400 acres.

The Idaho Mineral Belt trends north-westerly through central Idaho, is approximately 48 kilometers long and 8 kilometers wide and is comprised predominantly of metamorphosed sedimentary rocks which are part of the Belt Supergroup.

Under the terms of the Agreement, to earn its 100% interest in the Property, the Company must pay $150,000 (paid) and 30,000,000 common shares (issued). The Property is also subject to a 2.0% Net Smelter Return (the "**NSR**"). The Company may at any time acquire 1.0% of the NSR in accordance with the NSR acquisition terms in the Agreement. A finder's fee has been paid in connection with this acquisition for 1,200,000 common shares of the Company.

The Company filed the Agreement with the CSE on March 3, 2017.

On December 12, 2017, the Company entered into an agreement (the "**Second Agreement**") to acquire a 100% interest in the Formation North Project and Blackbird South Project located in the Idaho Mineral Belt in Lehmi County, Idaho, USA (the "**Formation North and Blackbird South Properties**") by acquiring all of the issued and outstanding shares of 1142888 B.C. Ltd., which has an ownership of the Properties.

Under the terms of the Second Agreement, to earn its 100% interest in the Formation North and Blackbird South Properties, the Company must pay $120,000 ($60,000 paid in December 2017 and $60,000 paid in January 2018) and 12,000,000 common shares (issued) of the Company. The Property is subject to a 2.0% Net Smelter Return (the "**NSR**"). The Company may, within 5 years of Exchange approval, acquire 1.0% of the NSR for $2,500,000.

JA Project – Idaho, USA

During the nine months ended June 30, 2019, the Company acquired by staking the JA Project located in the Cobalt region of Lemhi County, Idaho.

The JA Project is located within a geological trend that is prospective for cobalt and gold mineralization in the area of the Idaho Cobalt Belt (ICB). Based upon the Company's research and observations in the area, the 15 kilometre long "Jackass Zone" parallels the over-simplified trend of the ICB. Some researchers have connected the historical Blackbird mine, the Blackpine prospect and the Iron Creek deposit with a straight line to create the ICB. Detailed observations of the US Geological Survey Open File Report 90-0234A demonstrate that the properties of the Yellowjacket Formation rocks southeast of the ICB are amenable for cobalt mineralization. Observations include variably magnetic siltite beds of the Yellowjacket formation, and cobalt-bearing pyrite at another location.

The JA Project is located approximately 25 km southwest of Revival Gold's Beartrack gold deposit. Geologically, the Project has the potential to host gold mineralization that is similar to other deposits located along the Panther Creek graben within the major northeast-trending Trans-Challis Structural Zone (TCSZ) (known as the Great Falls Tectonic Zone in Montana). This structural zone provides a controlling effect on the location of volcanic vents, dikes, mineralization, and normal faulting along its length. The TCSZ is about 260 kilometres long and has been active since Precambrian time. Gold deposits associated with the TCSZ include the Beartrack gold deposit (historical mines and current resources of

Revival Gold), the historical Yellowjacket gold mines, the historical Grouse Creek gold mines, the Humbug gold prospect and other past producers to the northeast and southwest.

Neil McCallum, PGeol., Dahrouge Geological Consulting Ltd., is the Qualified Person responsible for the technical information contained herein.

New Opportunities

The Company continues to evaluate mineral properties and is focused on deposits in Canada and the United States. Properties with economic merit and good logistics will be considered for acquisition.

Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares, of which 187,003,772 shares were issued and outstanding as at the date of this MD&A.

The Company has outstanding a total of 14,260,798 common share purchase warrants with an exercise price of $0.01667 per common share, 20,325,000 common share purchase warrants with an exercise price of $0.20 per common share, and 20,000,000 common share purchase warrants with an exercise price of $0.40 per common share, 6,000,000 stock options with an exercise price of $0.01667 per common share and 11,999,997 stock options with an exercise price of $0.27 per common share as at the date of this MD&A.

Related Party Transactions

During the nine months ended June 30, 2019, the Company paid or accrued accounting fees of $24,100 (2018: $43,250), management and consulting fees of $149,950 (2018: $119,977), corporate development fees of $3,200 (2018: $2,000) and rent of $5,000 (2018: $Nil) to companies owned by the Corporate Secretary and director of the Company.

During the nine months ended June 30, 2019, the Company paid or accrued management fees of $100,000 (2018: $82,500) to the CEO, President and director of the Company.

As at June 30, 2019, the Company owed $7,455 (September 30, 2018: $13,760) to directors and their companies, which is included in accounts payable and accrued liabilities.

Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

As at		**June 30, 2019**		**September 30, 2018**
Cash	$	1,080,938	$	4,430,118
Working capital		5,068,811		6,624,988
Quarter Ended		**June 30, 2019**		**June 30, 2018**
Cash used in operating activities	$	(1,279,855)	$	(2,013,982)
Cash used in investing activities		(2,081,850)		(430,000)
Cash provided by financing activities		12,525		10,331,285
Change in cash	$	(3,349,180)	$	7,888,578

On October 19, 2017 the Company closed a non-brokered private placement for a total of 20,325,000 Units of the Company at a price of $0.10 per Unit for gross proceeds of $2,032,500. Each Unit consists of one common share and one transferable Warrant. Each Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.20 on or before October 19, 2019. The securities issued were subject to a four month hold period that expired on February 20, 2018.

On October 24, 2017, 493,893 Warrants were exercised at a price of $0.0167 per common share.

On January 8, 2018, the Company issued 2,000,000 common shares of the Company pursuant to an exercise of Warrants for gross proceeds of $33,400.

On February 7, 2018, the Company issued 6,179,140 common shares of the Company pursuant to an exercise of Warrants for gross proceeds of $103,192.

On February 15, 2018, the Company closed a non-brokered private placement for 40,000,000 Units of the Company at a price of $0.25 per Unit for gross proceeds of $10,000,000. Each Unit consists of one common share of the Company and one-half of one transferable Warrant. Each whole Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.40 per common share on or before February 13, 2020. The Company paid finder's fees of $1,849,455 in cash. The securities issued were subject to a four month hold period that expired on June 15, 2018.

On March 16, 2018, the Company issued 2,000,000 common shares of the Company pursuant to an exercise of Warrants for gross proceeds of $33,400.

On August 28, 2018, the Company issued 750,000 common shares of the Company pursuant to an exercise of stock options for gross proceeds of $12,525.

On November 14, 2018, the Company issued 750,000 common shares for proceeds of $12,525 as a result of the exercise of 750,000 stock options with an exercise price of $0.0167.

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets are resource properties. Exploration expenditures are expensed as incurred.

The Company's resource property agreements are primarily option agreements and the exercise thereof are at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Project Summaries and Activities" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

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 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 Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the audited financial statements.

Change in Accounting Policies

IFRS 16 – *Leases*
IFRS 16, Leases ("IFRS 16"), establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The adoption of this standard did not have a material impact on the consolidated financial statements of the Company.

Financial Instruments

Designation and Valuation of Financial Instruments

The three levels of the fair value hierarchy are:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: inputs that are not based on observable market data.

As at June 30, 2019, the fair values of amounts receivable, loan receivable and accounts payable approximate their carrying value due to the short term maturity of these instruments. Cash and investments are carried at level 1 fair value measurement.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2019 as follows:

Cash	FVTPL	Level 1
Amounts receivable	Loans and receivables	N/A
Investments	FVTPL	Level 1
Loan receivable	Loans and receivables	N/A
Accounts payable	Other liabilities	N/A

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

Foreign exchange risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has foreign exchange risk with respect to its bank account, accounts payable and loan receivable in US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 5% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately $107,000.

Credit risk
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.

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.

Risks and Uncertainties

The Company's principal activity is mineral acquisition, exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors.

These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Financial and disclosure controls and procedures

During the nine months ended June 30, 2019, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are 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. They are 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 unaudited condensed interim consolidated financial statements for the nine months ended June 30, 2019 (together the "Interim Filings").

The Chief Executive Officer and Chief Financial Officer of the Company have 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.

Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's profile at www.sedar.com.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals remains relatively high and the Company is remaining prudent when considering large cost items such as drilling and geophysics.

Outlook

The outlook for precious metals and the prospect for financing the Company's projects is good, and this should enable the Company to continue as a viable entity. The project will require significant investment as they transition into development stage projects. However, the capital markets continue to be depressed, especially for junior mining companies, which has impacted the Company's ability to raise capital.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.